



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

OVERVIEW

We have performed the procedures enumerated below, which were agreed to by James M. Rhodes (Jim) and management of Rhodes Homes/Rhodes Design and Development, solely to assist you in ascertaining the accuracy of the "Inside - Outside CF True Up" schedule provided to us by Gary Fuchs, the former Chief Financial Officer (CFO) of "Rhodes Homes". This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report.

"Rhodes Homes" is an accumulation of entities engaged in the real estate development industry. Some of the entities are party to a lending facility with Credit Suisse and inevitably there are transactions or resources that "cross boundaries" and have some shared benefit. As such, Gary Fuchs, the former CFO, was asked by Jim Rhodes to perform a calculation summarizing the transactions up through the present time.

Mr. Fuchs was employed by Rhodes Homes originally as the corporate controller from January 2005 through May 2007. He was rehired as the CFO in September 2007. He was ultimately involved in the companies accounting operations and was extremely familiar with which entities were a party to the credit facility.

The CFO prior to Mr. Fuchs rejoining the company had performed an allocation of overhead for 2007, which was recorded as a liability between the companies inside and outside the facility, specifically Pinnacle Equipment Rental and Pinnacle Grading. The total of the 2007 allocation entry as recorded was \$960,312.91. This was less than two percent of the companies overall combined overhead for 2007; therefore, the amount of "reimbursement" is not a significant percentage of total expense. Our procedures did not extend to the 2007 calculation. However, we did review the recording of this amount in the records of the companies as an amount due to the facility.

Our calculation as of December 31, 2008 reflects \$1,550,522.22 due from companies within the credit facility. This calculation is shown at exhibit A. The amount includes some transactions that were for prior to 2008; therefore, this amount is considered a "cumulative" calculation as of the end of 2008. During our procedures we received

information and input from the company President, former CFO, company officers, accountants, attorneys (on staff and not on staff), and outside consultants.

PROCEDURES

The procedures enumerated below were intended to be an independent review of the company's transactions between companies, which are incorporated into "guarantor" to the Credit Suisse facility, and those companies, which are not.

- 1) Reviewed the components of the "Inside – Outside CF True Up" report supplied by Gary Fuchs, the former company CFO. We discussed the methodology with Mr. Fuchs as well as other executives in order to obtain an understanding of the calculations.
- 2) Reviewed the report information comparing to source documentation and/or third party verification for accuracy.
- 3) Verified the report information to company accounting records for the various respective entities.
- 4) Interviewed the respective "consultants/employees" to ascertain the reasonableness of percentages of time allocations to ventures.
- 5) Reviewed the supporting documentation to ascertain accuracy of advances by Mr. Rhodes personally for executive compensation.
- 6) Reviewed the questionnaires related to employee time allocation as the basis for overhead allocation. Reviewed the calculation for accuracy.
- 7) Reviewed the reconciliation of "inter-company" accounts, comparing such schedule to the company's accounting records and determining the cumulative amount due in/out of the credit facility.
- 8) Provided revisions to the "Inside – Outside CF True Up" report, as we deemed necessary, including explanations and schedules supporting our position.

The following is a description of the individual reconciliation items and the result of procedures applied to each:

“INSIDE – OUTSIDE CF TRUE UP” REPORT REVIEW

Received and reviewed the “Inside – Outside CF True Up” report from the companies’ former CFO Gary Fuchs. This report is comprised of various economic transactions and factors that occurred during 2004 through January 2009. The calculations and underlying thought process was reviewed with the former CFO and accounting staff, but without Jim Rhodes present. This was to avoid any engagement of discussion concerning the theory behind the calculations. The report (exhibit A) contains specific transactions that were considered loans between “inside” and “outside” the facility as well as an “allocation” of overhead that was considered to have been paid for by companies inside the facility for which the companies outside the facility had received some benefit.

During the procedures, the report, detailed transactions, and contents were discussed with management and consultants, both past and present.

KINGMAN HOUSE RENT (Exhibit D)

This amount of \$62,150 was for rent on three houses that were owned outside of the credit facility by Jim Rhodes personally. These houses were supplied to key employees of Pinnacle Grading or employees connected with the “Kingman” project for a period of twenty-five months. Therefore, it was deemed that consideration was due to Mr. Rhodes as the employees benefited the project inside the facility.

We reviewed the schedule of rent prepared and ascertained the employees were employed by Pinnacle Grading, Inc. by reviewing the employees w2s and/or 1099s for the period in question. The rent appeared reasonable at \$950 per house per month; therefore, we consider the amount as listed to be accurate.

TANTARA MODEL RENT (Exhibit E)

This amount represents rental payments made to Glynda Rhodes for a model home. The amount of \$76,880 represents twenty months of rent at a rate of \$3,844 per month. We reviewed the lease agreement comparing it to the rent paid. We also reviewed the transaction activity in the general ledger. The former CFO considered that since the sales were dropped in mid 2007 that the model was not needed. We reviewed the timeframes of the project completion to ascertain the “need” for the model after April 2007. Since twenty-two homes were closed subsequent to the “proposed” date of April 2007 through February 2008 we feel that model rent was justified through February 2008, therefore we are adjusting the former CFO’s schedule by the amount of \$38,440. The amounts of rent paid after February, 2008 have been repaid to the facility as of the date of this report.

The lease was "month to month" and did call for a 30-day notice. We assume this was a formality between the parties in this instance, therefore when the need for the model dissipated the rent should have ceased at that time.

EXECUTIVE COMPENSATION (Exhibit F)

Jim Rhodes had paid a portion of certain executives' compensation personally. This was done to avoid conflict in the office related to the amounts of compensation negotiated. The former CFO had made a calculation by individual to assign a percentage of the pay between companies within the credit facility and outside the facility. None of the executives are currently employed by Rhodes Homes.

We were not able to speak directly to Fred Chin or James Coyne. However, we did meet and have several discussions with Chris Stephens.

The employment time frames were spring 2004 through spring 2007 for Chin, spring 2004 through late fall 2007 for Coyne, and mid 2006 through mid 2008 for Stephens.

Procedures related to the executive compensation follow:

We reviewed the underlying financial support for the amounts paid by Mr. Rhodes outside of the company verifying the payments were made to the individuals noted. We reviewed the supporting documentation of the "compensation" paid by the company verifying the information portrayed for salaries per the former CFO's schedule.

We discussed the allocation method of the individual executives with the former CFO and with Mr. Rhodes as it related to the amount of time presented and the projects noted as being inside and outside the facility. Mr. Rhodes did take exception that Mr. Chin was 100% outside the facility for 11 months of 2006, in as much that he was the Chief Operating Officer (COO) of Rhodes Homes during this time and had responsibilities extending to the developments inside the facility. We were not able to speak personally with Mr. Chin, however, we did discuss the timeframe of the project work that was the subject of Mr. Chin being outside the facility for the 11 months with Paul Huygens, who was employed as CFO at that time. After reviewing what was Mr. Huygens opinion of Mr. Chin's schedule and responsibilities during the time period, we revised his time allocation to that of 50% inside and 50% outside the facility. Mr. Chin was still the COO of Rhodes Homes during this time period and had all the ongoing responsibilities of such. We do not believe a COO of a home builder could be relieved of ongoing management responsibilities for an 11 month period.

The "outside" compensation was comprised of direct payments made to Chin, Coyne, and Stephens from, and in the amounts of, a) a personal UBS investment account (\$1,825,000), b) a credit line with First National Bank established specifically for this

purpose (\$850,000), and c) a mortgage granted on the "Spirit Underground" building (\$500,000). These payments are reflected on exhibit F and labeled as above.

We also do not agree with the former CFO's allocation of 45% of Mr. Stephens' compensation to the credit facility property. Our assessment, which is based on the value of the property affected, is a more realistic approach. We feel the decision was made for entitlement based on the expected increase in property values. As such, Mr. Stephens' efforts produced increases in value and those values should be the determining factor in the allocation, thus linking the results with the associated costs.

We discussed the project values with John Gall, a real estate consultant on the project. Mr. Gall's correspondence concerning the values is included in this report under exhibit F. We also reviewed the maps of the project with a land development staff as well as Mr. Stephens.

We have also included a map reflecting the "annexation" of approximately sixty-five acres into the facility portion of Pravada to make the development more palatable.

We also noted that Mr. Stephens' lump sum payment to commence work was allocated on a weighted average scale based on efforts over the entire twenty month time frame of employment. However, the "up front" payment was intended as motivation for entitlement services on the Pravada project. We did not separately allocate this entire amount to Pravada, to which the effect would have been approximately two hundred thousand dollars in favor of "outside" the facility.

We also reviewed a map of Pravada, noting extensive washes in an aerial view and discussed the amount of acreage usability with Chris Stephens and John Gall. We noted the majority of all construction work being on the parcels (within the facility) that were residential golf course community, lack of access issues to outlying areas as well as significant washes, as well as the majority of the "buffer" (required for use/zoning) being from outside the facility portions of the development.

We reviewed the recording of \$3,427,640.61 as a liability to Desert Communities, Inc. from Rhodes Homes Arizona, to reimburse RHA for development services on the land outside the credit facility. This amount was discussed with Mr. Rhodes and former CFO Paul Huygens.

RANCHERO/SDC LAND/COST ALLOCATION (Exhibit G)

There was an arrangement between South Dakota Conservancy, LLC and Rhodes Homes Arizona, LLC/Elkhorn Investments, Inc, whereby lots were transferred into a company inside the facility and a residence was constructed.

The "Ranchero lots" were roughly 2.5 acre rural residential lots in an area outlying, but adjacent to, the Pravada development. Per a discussion with Mr. Rhodes, the pent up demand, as measured by the significant reservations at Pravada (and usage of existing

model homes), was the platform to launch development of the Ranchero lots. The total number of lots outside the facility as evidenced by the inventory list of developable lots was fifteen. Of these fifteen, ten had been transferred into the facility in the name of Elkhorn Investments, Inc.

There were development costs incurred on five lots by Rhodes Homes Arizona (RHA) in the amount of \$1,014,421 according to the CFO's schedule. In reviewing the general ledger we noted that the costs were spent by RHA. We agreed the information per the CFO schedule to the general ledger for Rhodes Homes Arizona on a test basis, noting descriptions of lot number and subdivision description.

Per a review of the Mojave County assessor roles we noted sale transactions occurring for the subdivision "Golden Valley" with the seller noted as Elkhorn Investments, which is an entity inside the facility. Other lots were listed as being owned by South Dakota Conservancy, LLC. These were the lots had not yet been transferred to Elkhorn Investments.

The developer/seller was intended to be inside the facility, the transfer just never happened as it did with past sale transactions at the Golden Valley subdivision. As we believed this matter (construction costs being incurred on lots owned outside of the credit facility) would be remedied by the action of transfer of ownership this was discussed with management.

From discussions with the Clayton Rice, company counsel, Paul Huygens and Gary Fuchs, former CFOs, the property had not been transferred due to a provision in the credit agreement prohibiting the acquisition of additional property. We are not qualified to interpret the legalities of the amendment as to whether the transfer for no consideration of parcels between companies outside and inside the facility is an issue, but management has instructed us that the transfer has taken place, therefore, the land on which the development costs were expended are now within the facility.

Prior to the completion of our procedures the lots in question were deeded into the facility as intended, thus resolving the matter to the facility's benefit.

PINNACLE GRADING, LLC/PINNACLE EQUIPMENT RENTAL, LLC (Exhibit H)

Pinnacle Grading, LLC (PG) was established to perform grading and "dirt work" for developments inside the facility, outside the facility, and to non-affiliated customers, (which entire operations was for the benefit of the credit facility).

During 2007, Pinnacle Equipment Rental, LLC (PER) was established outside the facility to acquire and provide equipment for usage at the Arizona development. The reason that the company was set up and equipment purchased was due to the need for equipment at

the Pravada site due to the pace of construction, which was based on high demand (referenced by reservations) for the product planned.

Grading equipment was purchased by PER primarily prior to 2007. In a review of the general ledger, it was noted that over \$10 million of the construction equipment was purchased prior to 2007. In a discussion with Scott Scarborough and Pete Collins, management of Pinnacle Grading, the additional equipment was necessary due to the pace of construction at Pravada as well as the necessary "mix" of equipment for the work performed. Mr. Scarborough indicated that the equipment purchased in Pinnacle Grading was breaking due to the increased usage, so the development necessitated newer equipment to keep up with the pace. It was noted that Pinnacle Grading performed a significant percentage of work outside of the facility by a review of the general ledger revenue activity.

In our discussions with the management, including the CFO at the time Pinnacle Equipment Rental was established and the equipment purchased, as well as the CEO and production manager of Pinnacle Equipment Rental, there was a lease established between Pinnacle Equipment Rental and Pinnacle Grading for the usage of the Pinnacle Equipment Rental equipment. This lease was meant to essentially pay for the equipment.

Barring that the lease agreement could not be located, we consulted with a construction equipment dealer (Blaine Equipment) and received terms for an "operating" lease for like equipment for a period which made economic sense in light of the ongoing construction. The period of two years was selected as the majority of the equipment was purchased in November 2006 when the construction was fast paced. In our conversation with the dealer, a one year lease was not feasible, so a two year lease was selected. Using a residual of 50% and an interest rate of 12%, (information per the dealer was 48 to 52 percent residual and an interest rate of 11% to 13%) a payment was calculated for an operating lease for the equipment listed on the Pinnacle Equipment Rental depreciation schedule. This lease payment was adjusted based on additional equipment purchased and sold. Refer to exhibit H.

We also reviewed the equipment maintenance summary log for equipment and noted the hours on average being 230 per month. Normal usage for a standard operating lease as indicated from our discussion with the independent equipment dealer is 1,500 hours per year. This excess of over 50% would have a corresponding impact (extra lease charge) if the lease was actually "arms length". We did not adjust the lease payments for the extra hours the equipment was used due to the other circumstances surrounding the relationship.

The additional usage of the equipment would have significantly increased the rental costs to Pinnacle Grading had the lease been an arms length operating lease. We did not make an additional rental revenue adjustment, which would have been to the detriment of the facility. PER was established for the sole purpose of providing equipment to the Pravada project. PER sold the majority of its portfolio of equipment during 2008 and was able to recover its depreciated cost; therefore, not suffering significant economic strain as a

result of the equipment purchase and usage during its operating time period. Therefore, a transfer of wealth between the two companies does not make sense due to the underlying circumstances.

**SUPERVISION CHARGE FOR DEVELOPMENT OUTSIDE THE FACILITY
(Exhibit I)**

The former CFO schedule notes \$209,356 as being supervision paid by Rhodes Homes of Arizona, LLC on behalf of Desert Communities, Inc, which is outside of the facility. We reviewed the general ledger activity underlying this amount and noted the amount was primarily an invoice for work performed by Pinnacle Grading. We reviewed the invoice apprising the majority of the balance and found it to be within the normal course of business; therefore, this amount was repaid to within the facility.

ALVEREZ & MARSAL RETAINER (Exhibit J)

This expense was related to preparation of materials for the facilitation of the establishment of the credit facility itself. We reviewed the invoice as well as the retainer agreement. We reviewed a copy of the wire transfer of payment by Sagebrush, a company outside of the facility. This amount, \$75,000, was properly reimbursed to outside the facility.

LAND SALE DEPOSIT (Exhibit K)

We reviewed the general ledger entry for the respective accounting to validate the former CFO's position. This amount, \$ 8,209, was properly reimbursed to outside the facility.

STEWART OCCHIPINTI INVOICES (Exhibit L)

This expense was related to Rhodes Homes defense for litigation brought by Deutsche Bank. Deutsche Bank was originally entertained to perform the credit facility. We reviewed the invoices and portions of the complaint to ascertain the relationship to the credit facility. We reviewed copies of the cancelled checks for payments made by Sedora Holdings, LLC, a company outside of the facility. We also reviewed a copy of the cancelled check for the payment made by Sagebrush Enterprises, Inc., a company also outside the facility. These amounts totaling \$206,927 were property reimbursed to outside the facility.

PALM HILLS WORK (Exhibit M)

This amount per the schedule of \$58,800 was related to "dirt" work performed by Pinnacle Grading for offsite dirt removal for the Palm Hills Development, which was a Rhodes development prior to the commencement of the facility. The work was in order to obtain release of offsite bonds required to be posted to protect municipal property from developer destruction.

The background is that Pinnacle Grading issued a bid for \$58,800 for the site work to be performed. Management thought this was excessive and engaged Pinnacle Grading on a "time and material" basis verbally. The work was performed by Pinnacle Grading. The "cost" records of Pinnacle Grading indicate "job cost" of \$27,093. At the time of our procedures, a price for the work had never been agreed to between Rhodes Design and Development and Pinnacle Grading. The former CFO used the \$58,800 on his schedule, however, we do feel the "markup" of over \$30,000 could be excessive but we don't have a quantifiable basis to adjust the charge. Therefore, we made no change and the funds have been reimbursed to the facility.

MOTORCYCLE TRACK (Exhibit N)

We reviewed the job cost records which indicate that \$13,574 was spent by Pinnacle Grading on this project. The former CFO did not compute a mark up. We feel that any change would be immaterial; therefore, the amount was reimbursed to within the facility.

2008 OVERHEAD ALLOCATION (Exhibit O)

The 2008 overhead allocation was designed by the former CFO in an effort to reimburse companies inside the facility for any overhead that benefited (was spent) on companies and projects outside the facility. As such, the former CFO issued questionnaires to employees that he deemed to have some divided time. These questionnaires were compiled and the results analyzed, and the salaries allocated and an "overhead" burden added to the salary allocation.

We reviewed the questionnaires comparing them to the former CFO's worksheet. We also compared the salary amounts to the payroll records on a test basis. We reviewed the overhead burden for reasonableness in light of things meant to be included.

This process appeared to accomplish the allocation of overhead as expected. Although when discussed with employees, there appeared to be some variations. We cannot see adjusting the allocation in light of the quantified evidence available. The calculations as performed by the former CFO appear to be conservative.

The schedule we received had an adjustment for overhead extending through January 2009. We adjusted the calculation to December 2008 in order to be consistent with the

prior year calculation period being on an annual basis. The effect of this adjustment is \$50,986.

While reviewing payroll information related to other procedures it was discovered that a household employee of Mr. Rhodes was paid by Rhodes Design and Development for one month in 2007; therefore, the amount of \$3,508 has been included in this reports as a reimbursable from Mr. Rhodes. This amount includes a twenty percent allowance for benefits. When discussed with the corporate controller and director of human resources this was considered to be a mistake in payroll processing and an isolated incident. Considering the review of specific employee payroll for the 2007 and 2008 "true up" calculations by the CFO's in both years, we agree with this assessment.

LIMITATIONS

We were not engaged to and did not conduct an examination, the objective of which would be to express of an opinion on the accompanying "Inside – Outside CF True Up" schedule. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of James M. Rhodes (Jim) and Rhodes Homes/Rhodes Design and Development, and is not intended to be, and should not be, used by anyone other than these specified parties.



Main Amundson and Associates
March 20, 2009

Pinnacle Grading, LLC and Pinnacle Equipment Rental LLC
Equipment Lease Comparison

| | 2006 | Payments | Lease Calc | Difference | |
|-----------|------|------------------|------------------|---------------|--|
| November | | 172,117 | 141,916 | 30,201 | |
| December | | 172,117 | 141,916 | 30,201 | |
| | 2007 | | | | |
| January | | 172,117 | 141,916 | 30,201 | |
| February | | 194,817 | 164,255 | 30,562 | |
| March | | 194,817 | 164,255 | 30,562 | |
| April | | 194,817 | 164,255 | 30,562 | |
| May | | 194,817 | 164,255 | 30,562 | |
| June | | 194,817 | 164,255 | 30,562 | |
| July | | 194,817 | 164,255 | 30,562 | |
| August | | 194,817 | 164,255 | 30,562 | |
| September | | 194,817 | 164,255 | 30,562 | |
| October | | 194,817 | 164,255 | 30,562 | |
| November | | 118,892 | 164,255 | (45,363) | Equipment was refinanced and dropped pymt savings would belong to owner. |
| December | | 118,892 | 164,255 | (45,363) | |
| | 2008 | | | | |
| January | | 118,892 | 164,255 | (45,363) | |
| February | | 118,892 | 164,255 | (45,363) | |
| March | | 118,892 | 164,255 | (45,363) | |
| April | | 118,892 | 164,255 | (45,363) | |
| May | | 118,892 | 164,255 | (45,363) | |
| June | | 118,892 | 164,255 | (45,363) | |
| July | | 11,416 | 12,504 | (1,088) | sold all but tractor 3 towers and lazer |
| August | | 11,416 | 12,504 | (1,088) | |
| September | | 11,416 | 12,504 | (1,088) | |
| October | | 11,416 | 12,504 | (1,088) | two years is up.... Lease considered over |
| November | | 11,416 | | 11,416 | |
| December | | 11,416 | | 11,416 | |
| January | | 11,416 | | 11,416 | |
| | | <u>3,300,752</u> | <u>3,268,099</u> | <u>32,653</u> | |

reviewed detail transactions in GL... there were other late charges etc.. That were disregarded

per scott the equipment was being double shifted.. Had about 3g + hours. This would normally cause for double equipment rent. Per John Candemi, 1,500 hours per year is standard.

Pinnacle Equipment
Comprehensive Depreciation Letter Size [Depreciation]
GAAP
For the Period December 1, 2008 to December 31, 2008

| Asset ID | Selected Dates | | Asset Balances | | | | Deprec Method/Conv | Life Yr Mo | Book Cost | ITC Reduction Amount | Depreciable Basis | | | | Current & Accum Depreciation | | | | | Net Book Value |
|--------------------------------|---|---------------|----------------|-----------|-----------|--------------|--------------------|------------|--------------|----------------------|-------------------|------------------|-----------------------------|-------------------|------------------------------|---------------------|------------------|-------------------------|-------------------|----------------|
| | Placed in Service Date | Disposal Date | Beginning | Additions | Deletions | Ending | | | | | Bus. Use % | Net 5179A & AFYD | Prior Reported Depreciation | Depreciable Basis | Beginning Accum Depr | Current Depr & AFYD | Net Sec 179/179A | Net Additions Deletions | Ending Accum Depr | |
| Depr Exp GL Acct #: (no value) | | | | | | | | | | | | | | | | | | | | |
| 109-001 | Caterpillar 631G Diesel Power Rubber Tire Scraper | | | | | | | | | | | | | | | | | | | |
| | 10/1/2006 | | 729,565.45 | 0.00 | 0.00 | 729,565.45 | SL100FM | 5 0 | 729,565.45 | 0.00 | 100.00 | 0.00 | 182,391.36 | 729,565.45 | 316,145.02 | 12,159.43 | 0.00 | 0.00 | 328,304.45 | 401,283.00 |
| 109-002 | Caterpillar 631G Diesel Power Rubber Tire Scraper | | | | | | | | | | | | | | | | | | | |
| | 10/1/2006 | | 720,620.00 | 0.00 | 0.00 | 720,620.00 | SL100FM | 5 0 | 720,620.00 | 0.00 | 100.00 | 0.00 | 180,155.00 | 720,620.00 | 312,268.67 | 12,010.33 | 0.00 | 0.00 | 324,279.00 | 396,347.00 |
| 109-003 | Caterpillar 631G Diesel Power Rubber Tire Scraper | | | | | | | | | | | | | | | | | | | |
| | 10/1/2006 | | 723,554.18 | 0.00 | 0.00 | 723,554.18 | SL100FM | 5 0 | 723,554.18 | 0.00 | 100.00 | 0.00 | 180,888.55 | 723,554.18 | 313,540.16 | 12,059.23 | 0.00 | 0.00 | 325,599.39 | 397,954.39 |
| 109-004 | Caterpillar 631G Diesel Power Rubber Tire Scraper | | | | | | | | | | | | | | | | | | | |
| | 10/1/2006 | | 720,619.90 | 0.00 | 0.00 | 720,619.90 | SL100FM | 5 0 | 720,619.90 | 0.00 | 100.00 | 0.00 | 180,154.98 | 720,619.90 | 312,268.63 | 12,010.33 | 0.00 | 0.00 | 324,278.96 | 396,346.94 |
| 109-005 | Caterpillar 631G Diesel Power Rubber Tire Scraper | | | | | | | | | | | | | | | | | | | |
| | 10/1/2006 | | 726,545.43 | 0.00 | 0.00 | 726,545.43 | SL100FM | 5 0 | 726,545.43 | 0.00 | 100.00 | 0.00 | 181,636.36 | 726,545.43 | 314,836.36 | 12,109.09 | 0.00 | 0.00 | 326,945.45 | 398,599.98 |
| 109-006 | Caterpillar 631G Diesel Power Rubber Tire Scraper | | | | | | | | | | | | | | | | | | | |
| | 10/1/2006 | | 731,416.00 | 0.00 | 0.00 | 731,416.00 | SL100FM | 5 0 | 731,416.00 | 0.00 | 100.00 | 0.00 | 182,854.00 | 731,416.00 | 316,946.93 | 12,190.27 | 0.00 | 0.00 | 329,137.20 | |
| 109-007 | Caterpillar 631G Diesel Power Rubber Tire Scraper | | | | | | | | | | | | | | | | | | | |
| | 10/1/2006 | | 731,416.00 | 0.00 | 0.00 | 731,416.00 | SL100FM | 5 0 | 731,416.00 | 0.00 | 100.00 | 0.00 | 182,854.00 | 731,416.00 | 316,946.93 | 12,190.27 | 0.00 | 0.00 | 329,137.20 | 402,208.00 |
| 255001 | Challenger Model MT865B Rubber Tired Diesel Powered Heavy Tractor | | | | | | | | | | | | | | | | | | | |
| | 1/2/2007 | | 336,300.00 | 0.00 | 0.00 | 336,300.00 | SL100FM | 5 0 | 336,300.00 | 0.00 | 100.00 | 0.00 | 67,260.00 | 336,300.00 | 128,915.00 | 5,605.00 | 0.00 | 0.00 | 134,520.00 | 201,780.00 |
| 340-001 | Mega Water Tower | | | | | | | | | | | | | | | | | | | |
| | 1/2/2007 | | 55,115.88 | 0.00 | 0.00 | 55,115.88 | SL100FM | 5 0 | 55,115.88 | 0.00 | 100.00 | 0.00 | 11,023.18 | 55,115.88 | 21,127.77 | 918.59 | 0.00 | 0.00 | 22,046.36 | 33,069.52 |
| 340-002 | Mega Water Tower | | | | | | | | | | | | | | | | | | | |
| | 1/2/2007 | | 48,516.33 | 0.00 | 0.00 | 48,516.33 | SL100FM | 5 0 | 48,516.33 | 0.00 | 100.00 | 0.00 | 9,703.27 | 48,516.33 | 18,597.93 | 808.61 | 0.00 | 0.00 | 19,406.54 | 29,109.79 |
| 340-003 | Mega Water Tower | | | | | | | | | | | | | | | | | | | |
| | 1/2/2007 | | 50,089.96 | 0.00 | 0.00 | 50,089.96 | SL100FM | 5 0 | 50,089.96 | 0.00 | 100.00 | 0.00 | 10,017.99 | 50,089.96 | 19,201.15 | 834.83 | 0.00 | 0.00 | 20,035.98 | 30,044.98 |
| 370-003 | Caterpillar 621G Water Pull | | | | | | | | | | | | | | | | | | | |
| | 10/1/2006 | | 475,868.00 | 0.00 | 0.00 | 475,868.00 | SL100FM | 5 0 | 475,868.00 | 0.00 | 100.00 | 0.00 | 118,967.00 | 475,868.00 | 206,209.47 | 7,931.13 | 0.00 | 0.00 | 214,140.60 | 261,777.40 |
| 520-003 | Caterpillar 14H Motor Grader | | | | | | | | | | | | | | | | | | | |
| | 10/1/2006 | | 428,702.39 | 0.00 | 0.00 | 428,702.39 | SL100FM | 5 0 | 428,702.39 | 0.00 | 100.00 | 0.00 | 107,175.60 | 428,702.39 | 185,771.04 | 7,145.04 | 0.00 | 0.00 | 192,916.08 | 235,783.31 |
| 520-004 | Caterpillar Model 14H Rubber Tired Diesel Powered Motor Grader | | | | | | | | | | | | | | | | | | | |
| | 1/2/2007 | | 369,663.37 | 0.00 | 0.00 | 369,663.37 | SL100FM | 5 0 | 369,663.37 | 0.00 | 100.00 | 0.00 | 73,932.67 | 369,663.37 | 141,704.29 | 6,161.05 | 0.00 | 0.00 | 147,865.34 | 221,795.33 |
| 820-001 | Trimble GPS Laser | | | | | | | | | | | | | | | | | | | |
| | 10/1/2006 | | 41,242.09 | 0.00 | 0.00 | 41,242.09 | SL100FM | 5 0 | 41,242.09 | 0.00 | 100.00 | 0.00 | 10,310.52 | 41,242.09 | 17,871.57 | 687.37 | 0.00 | 0.00 | 18,558.94 | 22,683.55 |
| 995-100 | Mega Water Pump 4,000 Gallon capacity Serial No 05-36050 | | | | | | | | | | | | | | | | | | | |
| | 1/2/2007 | | 44,649.02 | 0.00 | 0.00 | 44,649.02 | SL100FM | 5 0 | 44,649.02 | 0.00 | 100.00 | 0.00 | 8,929.80 | 44,649.02 | 17,115.45 | 744.15 | 0.00 | 0.00 | 17,859.80 | 26,789.42 |
| 995-101 | Mega Water Pump 4,000 Gallon capacity | | | | | | | | | | | | | | | | | | | |
| | 1/2/2007 | | 44,790.70 | 0.00 | 0.00 | 44,790.70 | SL100FM | 5 0 | 44,790.70 | 0.00 | 100.00 | 0.00 | 8,958.14 | 44,790.70 | 17,169.77 | 746.51 | 0.00 | 0.00 | 17,916.28 | 26,874.42 |
| Subtotal: (no value) (17) | | | 6,978,674.70 | 0.00 | 0.00 | 6,978,674.70 | | | 6,978,674.70 | 0.00 | | 0.00 | 1,697,212.42 | 6,978,674.70 | 2,976,636.14 | 116,311.23 | 0.00 | 0.00 | 3,092,947.37 | 3,885,723.33 |
| Grand Total | | | 6,978,674.70 | 0.00 | 0.00 | 6,978,674.70 | | | 6,978,674.70 | 0.00 | | 0.00 | 1,697,212.42 | 6,978,674.70 | 2,976,636.14 | 116,311.23 | 0.00 | 0.00 | 3,092,947.37 | 3,885,723.33 |

*170 Motor Sum
8600*

Pinnacle Equipment
Comprehensive Depreciation Letter Size [Depreciation]
GAAP
For the Period December 1, 2007 to December 31, 2007

| Asset ID | Selected Dates | | Asset Balances | | | | Depr Meth/Conv | Life Yr Mo | Depreciable Basis | | | | | Prior Reported Depreciation | Depreciable Basis | Current & Accum Depreciation | | | | | Net Book Value |
|--------------------------------|---|---------------|----------------|-----------|-----------|--------------|----------------|------------|-------------------|----------------------|------------|------------------|----------------------|-----------------------------|-------------------|------------------------------|------------------|-------------------------|-------------------|--------------|----------------|
| | Placed in Service Date | Disposal Date | Beginning | Additions | Deletions | Ending | | | Book Cost | ITC Reduction Amount | Bus. Use % | Net S179A & AFYD | Beginning Accum Depr | | | Current Depr & AFYD | Net Sec 179/179A | Net Additions Deletions | Ending Accum Depr | | |
| Depr Exp GL Acct #: (no value) | | | | | | | | | | | | | | | | | | | | | |
| 109-001 | Caterpillar 631G Diesel Power Rubber Tire Scraper | | | | | | | | | | | | | | | | | | | | |
| | 10/1/2006 | | 729,565.45 | 0.00 | 0.00 | 729,565.45 | SL100FM | 5 0 | 729,565.45 | 0.00 | 100.00 | 0.00 | 36,478.27 | 729,565.45 | 170,231.93 | 12,159.43 | 0.00 | 0.00 | 182,391.36 | 547,174.09 | |
| 109-002 | Caterpillar 631G Diesel Power Rubber Tire Scraper | | | | | | | | | | | | | | | | | | | | |
| | 10/1/2006 | | 720,620.00 | 0.00 | 0.00 | 720,620.00 | SL100FM | 5 0 | 720,620.00 | 0.00 | 100.00 | 0.00 | 36,031.00 | 720,620.00 | 168,144.67 | 12,010.33 | 0.00 | 0.00 | 180,155.00 | 540,465.00 | |
| 109-003 | Caterpillar 631G Diesel Power Rubber Tire Scraper | | | | | | | | | | | | | | | | | | | | |
| | 10/1/2006 | | 723,554.18 | 0.00 | 0.00 | 723,554.18 | SL100FM | 5 0 | 723,554.18 | 0.00 | 100.00 | 0.00 | 36,177.71 | 723,554.18 | 168,829.32 | 12,059.23 | 0.00 | 0.00 | 180,888.55 | 542,665.63 | |
| 109-004 | Caterpillar 631G Diesel Power Rubber Tire Scraper | | | | | | | | | | | | | | | | | | | | |
| | 10/1/2006 | | 720,619.90 | 0.00 | 0.00 | 720,619.90 | SL100FM | 5 0 | 720,619.90 | 0.00 | 100.00 | 0.00 | 36,031.00 | 720,619.90 | 168,144.65 | 12,010.33 | 0.00 | 0.00 | 180,154.98 | 540,464.92 | |
| 109-005 | Caterpillar 631G Diesel Power Rubber Tire Scraper | | | | | | | | | | | | | | | | | | | | |
| | 10/1/2006 | | 726,545.43 | 0.00 | 0.00 | 726,545.43 | SL100FM | 5 0 | 726,545.43 | 0.00 | 100.00 | 0.00 | 36,327.27 | 726,545.43 | 169,527.27 | 12,109.09 | 0.00 | 0.00 | 181,636.36 | 544,909.07 | |
| 109-006 | Caterpillar 631G Diesel Power Rubber Tire Scraper | | | | | | | | | | | | | | | | | | | | |
| | 10/1/2006 | | 731,416.00 | 0.00 | 0.00 | 731,416.00 | SL100FM | 5 0 | 731,416.00 | 0.00 | 100.00 | 0.00 | 36,570.80 | 731,416.00 | 170,663.73 | 12,190.27 | 0.00 | 0.00 | 182,854.00 | 548,562.00 | |
| 109-007 | Caterpillar 631G Diesel Power Rubber Tire Scraper | | | | | | | | | | | | | | | | | | | | |
| | 10/1/2006 | | 731,416.00 | 0.00 | 0.00 | 731,416.00 | SL100FM | 5 0 | 731,416.00 | 0.00 | 100.00 | 0.00 | 36,570.80 | 731,416.00 | 170,663.73 | 12,190.27 | 0.00 | 0.00 | 182,854.00 | 548,562.00 | |
| 255001 | Challenger Model MT865B Rubber Tired Diesel Powered Heavy Tractor | | | | | | | | | | | | | | | | | | | | |
| | 1/2/2007 | | 336,300.00 | 0.00 | 0.00 | 336,300.00 | SL100FM | 5 0 | 336,300.00 | 0.00 | 100.00 | 0.00 | 0.00 | 336,300.00 | 61,655.00 | 5,605.00 | 0.00 | 0.00 | 67,260.00 | 269,040.00 | |
| 340-001 | Mega Water Tower | | | | | | | | | | | | | | | | | | | | |
| | 1/2/2007 | | 55,115.88 | 0.00 | 0.00 | 55,115.88 | SL100FM | 5 0 | 55,115.88 | 0.00 | 100.00 | 0.00 | 0.00 | 55,115.88 | 10,104.59 | 918.59 | 0.00 | 0.00 | 11,023.18 | 44,092.70 | |
| 340-002 | Mega Water Tower | | | | | | | | | | | | | | | | | | | | |
| | 1/2/2007 | | 48,516.33 | 0.00 | 0.00 | 48,516.33 | SL100FM | 5 0 | 48,516.33 | 0.00 | 100.00 | 0.00 | 0.00 | 48,516.33 | 8,894.66 | 808.61 | 0.00 | 0.00 | 9,703.27 | 38,813.06 | |
| 340-003 | Mega Water Tower | | | | | | | | | | | | | | | | | | | | |
| | 1/2/2007 | | 50,089.96 | 0.00 | 0.00 | 50,089.96 | SL100FM | 5 0 | 50,089.96 | 0.00 | 100.00 | 0.00 | 0.00 | 50,089.96 | 9,183.16 | 834.83 | 0.00 | 0.00 | 10,017.99 | 40,071.97 | |
| 370-003 | Caterpillar 621G Water Pull | | | | | | | | | | | | | | | | | | | | |
| | 10/1/2006 | | 475,868.00 | 0.00 | 0.00 | 475,868.00 | SL100FM | 5 0 | 475,868.00 | 0.00 | 100.00 | 0.00 | 23,793.40 | 475,868.00 | 111,035.87 | 7,931.13 | 0.00 | 0.00 | 118,967.00 | 356,900.00 | |
| 520-003 | Caterpillar 14H Motor Grader | | | | | | | | | | | | | | | | | | | | |
| | 10/1/2006 | | 428,702.39 | 0.00 | 0.00 | 428,702.39 | SL100FM | 5 0 | 428,702.39 | 0.00 | 100.00 | 0.00 | 21,435.12 | 428,702.39 | 100,030.56 | 7,145.04 | 0.00 | 0.00 | 107,175.60 | 321,526.79 | |
| 520-004 | Caterpillar Model 14H Rubber Tired Diesel Powered Motor Grader | | | | | | | | | | | | | | | | | | | | |
| | 1/2/2007 | | 369,663.37 | 0.00 | 0.00 | 369,663.37 | SL100FM | 5 0 | 369,663.37 | 0.00 | 100.00 | 0.00 | 0.00 | 369,663.37 | 67,771.62 | 6,161.05 | 0.00 | 0.00 | 73,932.67 | 295,730.70 | |
| 820-001 | Trimble GPS Laser | | | | | | | | | | | | | | | | | | | | |
| | 10/1/2006 | | 41,242.09 | 0.00 | 0.00 | 41,242.09 | SL100FM | 5 0 | 41,242.09 | 0.00 | 100.00 | 0.00 | 2,062.10 | 41,242.09 | 9,623.15 | 687.37 | 0.00 | 0.00 | 10,310.52 | 30,931.57 | |
| 995-100 | Mega Water Pump 4,000 Gallon capacity Serial No 05-36050 | | | | | | | | | | | | | | | | | | | | |
| | 1/2/2007 | | 44,649.02 | 0.00 | 0.00 | 44,649.02 | SL100FM | 5 0 | 44,649.02 | 0.00 | 100.00 | 0.00 | 0.00 | 44,649.02 | 8,185.65 | 744.15 | 0.00 | 0.00 | 8,929.80 | 35,719.22 | |
| 995-101 | Mega Water Pump 4,000 Gallon capacity | | | | | | | | | | | | | | | | | | | | |
| | 1/2/2007 | | 44,790.70 | 0.00 | 0.00 | 44,790.70 | SL100FM | 5 0 | 44,790.70 | 0.00 | 100.00 | 0.00 | 0.00 | 44,790.70 | 8,211.63 | 746.51 | 0.00 | 0.00 | 8,958.14 | 35,832.56 | |
| Subtotal: (no value) (17) | | | 6,978,674.70 | 0.00 | 0.00 | 6,978,674.70 | | | 6,978,674.70 | 0.00 | | 0.00 | 301,477.47 | 6,978,674.70 | 1,580,901.19 | 116,311.23 | 0.00 | 0.00 | 1,697,212.42 | 5,281,462.28 | |
| Grand Total | | | 6,978,674.70 | 0.00 | 0.00 | 6,978,674.70 | | | 6,978,674.70 | 0.00 | | 0.00 | 301,477.47 | 6,978,674.70 | 1,580,901.19 | 116,311.23 | 0.00 | 0.00 | 1,697,212.42 | 5,281,462.28 | |

Pinnacle Equipment
Comprehensive Depreciation Letter Size [Depreciation]
GAAP
For the Period December 1, 2006 to December 31, 2006

| Asset ID | Selected Dates | | Asset Balances | | | | Depreciation Method/Conv | Life Yr Mo | Depreciable Basis | | | | Current & Accum Depreciation | | | | | Net Book Value | | | |
|--|---|---------------|----------------|-----------|-----------|--------------|--------------------------|------------|-------------------|----------------------|------------|------------------|------------------------------|-------------------|----------------------|---------------------|------------------|----------------|-------------------------|-------------------|--------------|
| | Placed in Service Date | Disposal Date | Beginning | Additions | Deletions | Ending | | | Book Cost | ITC Reduction Amount | Bus. Use % | Net 5179A & AFYD | Prior Reported Depreciation | Depreciable Basis | Beginning Accum Depr | Current Depr & AFYD | Net Sec 179/179A | | Net Additions Deletions | Ending Accum Depr | |
| Depreciation Expense GL Acct #: (no value) | | | | | | | | | | | | | | | | | | | | | |
| 109-001 | Caterpillar 631G Diesel Power Rubber Tire Scraper | | | | | | SL100FM | 50 | | | | | | | | | | | | | |
| | 10/1/2006 | | 729,565.45 | 0.00 | 0.00 | 729,565.45 | | | 729,565.45 | 0.00 | 100.00 | 0.00 | 0.00 | 729,565.45 | 24,318.84 | 12,159.43 | 0.00 | 0.00 | 36,478.27 | 693,087.18 | |
| 109-002 | Caterpillar 631G Diesel Power Rubber Tire Scraper | | | | | | SL100FM | 50 | | | | | | | | | | | | | |
| | 10/1/2006 | | 720,620.00 | 0.00 | 0.00 | 720,620.00 | | | 720,620.00 | 0.00 | 100.00 | 0.00 | 0.00 | 720,620.00 | 24,020.67 | 12,010.33 | 0.00 | 0.00 | 36,031.00 | 684,589.00 | |
| 109-003 | Caterpillar 631G Diesel Power Rubber Tire Scraper | | | | | | SL100FM | 50 | | | | | | | | | | | | | |
| | 10/1/2006 | | 723,554.18 | 0.00 | 0.00 | 723,554.18 | | | 723,554.18 | 0.00 | 100.00 | 0.00 | 0.00 | 723,554.18 | 24,118.48 | 12,059.23 | 0.00 | 0.00 | 36,177.71 | 687,376.47 | |
| 109-004 | Caterpillar 631G Diesel Power Rubber Tire Scraper | | | | | | SL100FM | 50 | | | | | | | | | | | | | |
| | 10/1/2006 | | 720,619.90 | 0.00 | 0.00 | 720,619.90 | | | 720,619.90 | 0.00 | 100.00 | 0.00 | 0.00 | 720,619.90 | 24,020.67 | 12,010.33 | 0.00 | 0.00 | 36,031.00 | 684,588.90 | |
| 109-005 | Caterpillar 631G Diesel Power Rubber Tire Scraper | | | | | | SL100FM | 50 | | | | | | | | | | | | | |
| | 10/1/2006 | | 726,545.43 | 0.00 | 0.00 | 726,545.43 | | | 726,545.43 | 0.00 | 100.00 | 0.00 | 0.00 | 726,545.43 | 24,218.18 | 12,109.09 | 0.00 | 0.00 | 36,327.27 | 690,218.16 | |
| 109-006 | Caterpillar 631G Diesel Power Rubber Tire Scraper | | | | | | SL100FM | 50 | | | | | | | | | | | | | |
| | 10/1/2006 | | 731,416.00 | 0.00 | 0.00 | 731,416.00 | | | 731,416.00 | 0.00 | 100.00 | 0.00 | 0.00 | 731,416.00 | 24,380.53 | 12,190.27 | 0.00 | 0.00 | 36,570.80 | 694,845.20 | |
| 109-007 | Caterpillar 631G Diesel Power Rubber Tire Scraper | | | | | | SL100FM | 50 | | | | | | | | | | | | | |
| | 10/1/2006 | | 731,416.00 | 0.00 | 0.00 | 731,416.00 | | | 731,416.00 | 0.00 | 100.00 | 0.00 | 0.00 | 731,416.00 | 24,380.53 | 12,190.27 | 0.00 | 0.00 | 36,570.80 | 694,845.20 | |
| 370-003 | Caterpillar 621G Water Pull | | | | | | SL100FM | 50 | | | | | | | | | | | | | |
| | 10/1/2006 | | 475,868.00 | 0.00 | 0.00 | 475,868.00 | | | 475,868.00 | 0.00 | 100.00 | 0.00 | 0.00 | 475,868.00 | 15,862.27 | 7,931.13 | 0.00 | 0.00 | 23,793.40 | 452,074.60 | |
| 520-003 | Caterpillar 14H Motor Grader | | | | | | SL100FM | 50 | | | | | | | | | | | | | |
| | 10/1/2006 | | 428,702.39 | 0.00 | 0.00 | 428,702.39 | | | 428,702.39 | 0.00 | 100.00 | 0.00 | 0.00 | 428,702.39 | 14,290.08 | 7,145.04 | 0.00 | 0.00 | 21,435.12 | 407,267.27 | |
| 820-001 | Trimble GPS Laser | | | | | | SL100FM | 50 | | | | | | | | | | | | | |
| | 10/1/2006 | | 41,242.09 | 0.00 | 0.00 | 41,242.09 | | | 41,242.09 | 0.00 | 100.00 | 0.00 | 0.00 | 41,242.09 | 1,374.73 | 687.37 | 0.00 | 0.00 | 2,062.10 | 39,179.99 | |
| Subtotal: (no value) (10) | | | 6,029,549.44 | 0.00 | 0.00 | 6,029,549.44 | | | 6,029,549.44 | 0.00 | | | 0.00 | 0.00 | 6,029,549.44 | 200,984.98 | 100,492.49 | 0.00 | 0.00 | 301,477.47 | 5,728,071.97 |
| Grand Total | | | 6,029,549.44 | 0.00 | 0.00 | 6,029,549.44 | | | 6,029,549.44 | 0.00 | | | 0.00 | 0.00 | 6,029,549.44 | 200,984.98 | 100,492.49 | 0.00 | 0.00 | 301,477.47 | 5,728,071.97 |

Amount over 2yr

631 Oil changes per machine and average hours per month usage.

| 631-01 | DFA00208 | 631-02 | DFA00179 | 631-03 | DFA00180 |
|------------|-------------|------------|-------------|------------|-------------|
| 7/29/2006 | 205 | 7/30/2006 | 210 | 7/26/2006 | 205 |
| 8/11/2006 | 322 | 8/11/2006 | 322 | 8/18/2006 | 7/23/1901 |
| 10/10/2006 | 382 | 8/27/2006 | 552 | 9/10/2006 | 826 |
| 10/31/2006 | 536 | 9/10/2006 | 700 | 10/17/2006 | 1107 |
| 12/1/2006 | 754 | 12/4/2006 | 1397 | 11/20/2006 | 1342 |
| 12/22/2006 | 928 | 1/19/2007 | 1694 | 12/15/2006 | 1512 |
| 1/17/2007 | 1068 | 3/27/2007 | 2038 | 1/21/2007 | 1733 |
| 2/22/2007 | 1327 | 5/29/2007 | 2103 | 2/7/2007 | 1847 |
| 5/29/2007 | 1572 | 12/18/2007 | 2302 | 2/21/2007 | 1925 |
| | 1903 | | 2311 | 5/29/2007 | 2136 |
| | | | | | 2463 |

Average 190 hours

Average 230 hours

Average 245 hours

| 631-04 | DFA00176 | 631-05 | DFA0212 | 631-06 | RHX03191 |
|------------|-------------|------------|-------------|-----------|-------------|
| 7/30/2006 | 210 | 9/29/2006 | 217 | 10/5/2006 | 281 |
| 8/27/2006 | 675 | 10/17/2006 | 454 | 12/1/2006 | 736 |
| 10/16/2006 | 1022 | 11/20/2006 | 682 | 1/5/2007 | 928 |
| 12/5/2006 | 1420 | 12/5/2006 | 777 | 1/21/2007 | 1115 |
| 1/3/2007 | 1578 | 1/9/2007 | 1014 | 2/21/2007 | 1527 |
| 1/17/2007 | 1638 | 2/21/2007 | 1327 | | 1815 |
| 1/22/2007 | 1639 | | 1423 | | |
| 2/21/2007 | 1877 | | | | |
| | 2136 | | | | |

Average 250 hours

Average 200 hours

Average 228 hours

| 631-07 | DFA00216 |
|------------|-------------|
| 10/17/2006 | 270 |
| 11/20/2006 | 522 |
| 12/28/2006 | 778 |
| 1/23/2007 | 974 |
| 2/21/2007 | 1172 |
| | 1386 |

Average 171 hours

Cat Rental of a 631G is \$21560.00 for 160 hours a month.

Pinnacle Monthly payment per 631G was \$21932.00

Pinnacle Averaged 230 hours per tractor which Cat Rental cost would have been \$34825.00 a month.

Pinnacle Grading LLC

Year-to-date Ledger - Accrual

2-25-2009 Page 1
System Date: 2-25-2009
System Time: 12:59 pm

| Date | Jrn | Ref | Ref | Batch | Transaction Des | Beginning Balance | Debit | Credit | Ending Balance |
|--|-----|------|------|-------|--|-------------------|---------------|--------------|----------------|
| 120 Pinnacle Grading (1-01-2008 - 12-31-2008) | | | | | | | | | |
| 120-00-1300.0000 | | | | | Due from Affiliates | | | | |
| 1-23-2008 | API | AD01 | 2016 | 1367 | TPT Nov 2007 | | 10,663.86 | | |
| 1-25-2008 | APC | | | 1375 | Summary Entry | | 118,892.39 | | |
| 1-31-2008 | | | | 751 | Cat #2 Note Pmt by PG for PER | | 118,892.39 | | |
| 1-31-2008 | | | | 784 | dup. posting pmt by PG for PE | | | 118,892.39- | |
| | | | | | Total 1-31-08 | 450,990.86* | 248,448.64* | 118,892.39-* | 580,547.11* |
| 2-19-2008 | API | AD01 | 2016 | 1426 | TPT Jan 2008 | | 6,234.23 | | |
| 2-21-2008 | APC | | | 1429 | Summary Entry | | 47.63 | | |
| 2-22-2008 | APC | KIN1 | 1165 | 1437 | (Rev) INVOICE 116568, DUE DATE | | 47.63- | | |
| 2-22-2008 | APC | | | 1439 | Summary Entry | | 47.63 | | |
| 2-22-2008 | APC | KIN1 | 1165 | 1440 | (Rev) INVOICE 116568, DUE DATE | | 47.63- | | |
| 2-29-2008 | | | | 791 | Cat #2 Paym't due to PG | | 118,892.39 | | |
| | | | | | Total 2-29-08 | 580,547.11* | 125,126.62* | .00* | 705,673.73* |
| 3-19-2008 | API | AD01 | 2016 | 1483 | TPT - Rental/Per 02012008 | | 6,234.23 | | |
| 3-31-2008 | | | | 813 | Cat #2 Note Payment by PG | | 118,892.39 | | |
| 3-31-2008 | | | | 860 | Reverse Feb #791 dbl postings | | | 118,892.39- | |
| 3-31-2008 | | | | 860 | Reverse Mar #791 dbl postings | | | 118,892.39- | |
| | | | | | Total 3-31-08 | 705,673.73* | 125,126.62* | 237,784.78-* | 593,015.57* |
| 4-16-2008 | API | AD01 | 0313 | 1541 | TPT-Rental/PERS 03012008 | | 6,234.23 | | |
| 4-16-2008 | API | AD01 | 0301 | 1541 | TPT-PG for 0312008 | | 8,288.82 | | |
| 4-18-2008 | APC | | | 1549 | Summary Entry | | 118,892.39 | | |
| | | | | | Total 4-30-08 | 593,015.57* | 133,415.44* | .00* | 726,431.01* |
| 5-15-2008 | APC | | | 1584 | Summary Entry | | 118,892.39 | | |
| 5-31-2008 | | | | 869 | Cat #2 Mpt pmt by PG | | 118,892.39 | | |
| 5-31-2008 | API | AD01 | 0401 | 1618 | PG TPT 20149587-A | | 125.89 | | |
| 5-31-2008 | API | AD01 | 04-0 | 1618 | PERS TPT 20161386-A | | 6,234.23 | | |
| | | | | | Total 5-31-08 | 726,431.01* | 244,144.90* | .00* | 970,575.91* |
| 6-30-2008 | | | | 900 | Cat #2 Note Pmt by PG for PER | | 118,892.39 | | |
| 6-30-2008 | | | | 924 | Add'l late fees for PG | | | 125.89- | |
| 6-30-2008 | | | | 924 | Add'l late fees for PG | | | 5,162.96- | |
| 6-30-2008 | | | | 924 | Add'l late fees for PG | | | 8,288.82- | |
| 6-30-2008 | | | | mahl | Reverse Batch 869 | | | 118,892.39- | |
| 6-30-2008 | | | | mahl | Reverse Batch 900 | | | 118,892.39- | |
| 6-30-2008 | API | AD01 | 0800 | 1653 | TPT Late Filling for 01-31-08 | | 5,162.96 | | |
| 6-30-2008 | API | AD01 | 0512 | 1653 | TPT-Rental/PERS for 05012008 | | 6,234.23 | | |
| | | | | | Total 6-30-08 | 970,575.91* | 130,289.58* | 251,362.45-* | 849,503.04* |
| 7-01-2008 | API | AD01 | 01/0 | 1656 | TPT Late Filing Fee 1/31/08 | | 750.20 | | |
| 7-22-2008 | APC | | | 1700 | Summary Entry | | 11,416.42 | | |
| 7-24-2008 | API | AD01 | 0601 | 1707 | TPT-Rental/Pers 06012008 | | 6,234.23 | | |
| 7-24-2008 | API | CAT1 | 1177 | 1707 | Equip. Loan | | 11,416.42 | | |
| | | | | | Total 7-31-08 | 849,503.04* | 29,817.27* | .00* | 879,320.31* |
| 8-15-2008 | APC | | | 1746 | Summary Entry | | 11,416.42 | | |
| 8-25-2008 | API | AD01 | 0721 | 1756 | TPT Late for 03-31-08 | | 751.62 | | |
| 8-25-2008 | API | AD01 | 0701 | 1756 | TPT Rental for 07012008 | | 623.42 | | |
| 8-25-2008 | API | AD01 | 0800 | 1756 | TPT Late for 02-29-08 | | 3,537.42 | | |
| 8-26-2008 | API | CAT1 | 1187 | 1762 | Loan | | 11,416.42 | | |
| | | | | | Total 8-31-08 | 879,320.31* | 27,745.30* | .00* | 907,065.61* |
| 9-19-2008 | API | AD01 | 0800 | 1814 | TPT Late Fee 05/31/08 | | 8,656.28 | | |
| 9-19-2008 | API | AD01 | 0800 | 1814 | TPT Late Fee 06/30/08 | | 3,182.98 | | |
| 9-19-2008 | API | CAT1 | 1195 | 1814 | Laser-071401-01 | | 11,416.42 | | |
| 9-30-2008 | | | | 988 | Adj interco accounts Sept | | | 294,866.88- | |
| 9-30-2008 | | | | 1 | Adjustments to interco account | | 294,866.88 | | |
| | | | | | Total 9-30-08 | 907,065.61* | 318,122.56* | 294,866.88-* | 930,321.29* |
| 11-13-2008 | APC | | | 1967 | Summary Entry | | 643.47 | | |
| 11-13-2008 | APC | CAR1 | 2842 | 1981 | (Rev) IN 28427R Diesel Fuel | | 643.47- | | |
| 11-13-2008 | APC | | | 1982 | Summary Entry | | 643.47 | | |
| 11-17-2008 | API | AD01 | 2016 | 1975 | TPT-Rental/Pers for MOB Rental | | 634.86 | | |
| 11-30-2008 | | | | 1030 | Ap posting to wing GL acct | | | 643.47- | |
| | | | | | Total 11-30-08 | 930,321.29* | 1,278.33* | 643.47-* | 930,956.15* |
| Total Account 120-00-1300.0000 - Due from Affiliates | | | | | | 450,990.86* | 1,383,515.26* | 903,549.97-* | 930,956.15* |
| 120-00-1300.0024 | | | | | Due from Affiliate - Rhodes Homes Ariz | | | | |
| 1-31-2008 | | | | 771 | used credit due RHA on billing | | | 969.06- | |
| | | | | | Total 1-31-08 | .00* | .00* | 969.06-* | 969.06-* |
| 2-29-2008 | | | | 797 | Guardian Ins Crd due RHA | | | 91.05- | |
| | | | | | Total 2-29-08 | 969.06-* | .00* | 91.05-* | 1,060.11-* |
| 12-31-2008 | | | | 1056 | RHA ins pd by RDDchgd to Pinn | | 651.16 | | |
| 12-31-2008 | | | | 1056 | RHA ins pd by RDDchgd to Pinn | | 1,302.32 | | |
| | | | | | Total 12-31-08 | 1,060.11-* | 1,953.48* | .00* | 893.37* |
| Total Account 120-00-1300.0024 - Due from Affiliate | | | | | | .00* | 1,953.48* | 1,060.11-* | 893.37* |
| 120-00-2150.0049 | | | | | Due to Pinnacle Equipment Rental | | | | |
| 1-31-2008 | | | | 757 | Interco Lease Income & expense | | | 118,892.39- | |
| 1-31-2008 | | | | 770 | Adj Lease amt. PER to PG | | 5,000.00 | | |
| | | | | | Total 1-31-08 | 793,040.09-* | 5,000.00* | 118,892.39-* | 906,932.48-* |
| 2-29-2008 | | | | 785 | InterCo Lease Expense | | | 113,892.39- | |
| | | | | | Total 2-29-08 | 906,932.48-* | .00* | 113,892.39-* | 1,020,824.87-* |
| 3-31-2008 | | | | 809 | Interco Lease Expense | | | 113,892.39- | |
| | | | | | Total 3-31-08 | 1,020,824.87-* | .00* | 113,892.39-* | 1,134,717.26-* |
| 4-30-2008 | | | | 856 | InterCo Lease Inc & Exp | | | 113,892.39- | |

Pinnacle Grading LLC

Year-to-date Ledger - Accrual

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System Date: 2-25-2009
System Time: 12:59 pm

| Date | Jrn | Ref | Ref | Batch | Transaction Des | Beginning Balance | Debit | Credit | Ending Balance |
|------------------|-----|------|------|----------|---|-------------------|------------|--------------|-----------------|
| 120-00-2150.0049 | | | | | Due to Pinnacle Equipment Rental - Continued | | | | |
| | | | | | Total 4-30-08 | 1,134,717.26-* | .00* | 113,892.39-* | 1,248,609.65-* |
| 6-30-2008 | | | | 908 | Mob Equip PER for PG | | | 2,250.00- | |
| 6-30-2008 | | | | 908 | Mob Equip PER for PG | | | 1,500.00- | |
| 6-30-2008 | | | | 908 | Mob Equip PER for PG | | | 1,250.00- | |
| 6-30-2008 | | | | 910 | InterCo Billing PER for PG | | | 1,500.00- | |
| 6-30-2008 | | | | 922 | InterCo Lease entry May 08 | | | 118,892.39- | |
| 6-30-2008 | | | | 922 | InterCo Lease entry June 08 | | | 118,892.39- | |
| | | | | | Total 6-30-08 | 1,248,609.65-* | .00* | 244,284.78-* | 1,492,894.43-* |
| 7-31-2008 | | | | 927 | CZ08-1001 Pinnacle Grading Mob | | | 2,500.00- | |
| 7-31-2008 | | | | mahl | Empire Inv pd by Pinnacle Equi | | | 43,149.68- | |
| 7-31-2008 | | | | 1118 | JC Direct Pay to Empire Equip | | | 15,223.05- | |
| 7-31-2008 | | | | 1118 | JC Direct Pay to Empire Equip | | | 312.68- | |
| 7-31-2008 | | | | mah | Empire Rental Invoices | | | 5,691.00- | |
| 7-31-2008 | | | | mah | Empire Rental Invoices | | | 538.27- | |
| 7-31-2008 | | | | mah | Empire Rental Invoices | | | 15,223.05- | |
| 7-31-2008 | | | | mah | Empire Rental Invoices | | | 600.00- | |
| 7-31-2008 | | | | mah | Empire Rental Invoices | | | 1,120.00- | |
| 7-31-2008 | | | | mah | Empire Rental Invoices | | | 5,918.00- | |
| 7-31-2008 | | | | 1119 | JC Direct Pay to Empire Equip | | | 15,223.05- | |
| 7-31-2008 | | | | 1119 | JC Direct Pay to Empire Equip | | | 312.68- | |
| | | | | | Total 7-31-08 | 1,492,894.43-* | .00* | 72,500.00-* | 1,565,394.43-* |
| 11-30-2008 | | | | 1036 | Sl's tax late fee for PG&PER | | 4,655.58 | | |
| | | | | | Total 11-30-08 | 1,565,394.43-* | 4,655.58* | .00* | 1,560,738.85-* |
| 12-11-2008 | API | GUA0 | 9992 | 2038 | IN 99927 Renew Policy | | 3,483.00 | | |
| 12-11-2008 | API | GUA0 | 1050 | 2038 | IN 105047 Premium Audit | | 5,160.00 | | |
| | | | | | Total 12-31-08 | 1,560,738.85-* | 8,643.00* | .00* | 1,552,095.85-* |
| | | | | | Total Account 120-00-2150.0049 - Due to Pinnacle Equi | 793,040.09-* | 18,298.58* | 777,354.34-* | 1,552,095.85-* |
| 120-00-2600.0000 | | | | | Due to Affiliated Parties | | | | |
| 3-04-2008 | API | GUAL | 00 3 | 1452 | 03-01-08 to 03-31-08 | | 91.05- | | |
| | | | | | Total 3-31-08 | .00* | 91.05-* | .00* | 91.05-* |
| 9-30-2008 | | | | 1 | Adj due to affiliates | | 91.05 | | |
| | | | | | Total 9-30-08 | 91.05-* | 91.05* | .00* | .00* |
| 12-31-2008 | | | | 1056 | RHA ins pd by RDDchgd to Pinn | | | 651.16- | |
| 12-31-2008 | | | | 1056 | RHA ins pd by RDDchgd to Pinn | | | 1,302.32- | |
| 12-31-2008 | | | | 1056 | Pinn Health ins pd by RDD | | | 7,173.38- | |
| 12-31-2008 | | | | 1056 | Pinn Health ins pd by RDD | | | 7,064.04- | |
| 12-31-2008 | | | | 1058 | Adjust coding on interco | | 16,190.90 | | |
| | | | | | Total 12-31-08 | .00* | 16,190.90* | 16,190.90-* | .00* |
| | | | | | Total Account 120-00-2600.0000 - Due to Affiliated P | .00* | 16,190.90* | 16,190.90-* | .00* |
| 120-00-2610.0001 | | | | | Heritage LOC | | | | |
| 1-07-2008 | | | | PNFN 562 | Deposit | | | 250,000.00- | |
| 1-14-2008 | | | | PNFN 562 | Deposit | | | 250,000.00- | |
| 1-31-2008 | | | | 766 | Interco Interest Exp Heritage | | | 61,354.27- | |
| 1-31-2008 | | | | PNFN 562 | Deposit | | | 200,000.00- | |
| | | | | | Total 1-31-08 | 7,012,473.92-* | .00* | 761,354.27-* | 7,773,828.19-* |
| 2-29-2008 | | | | 793 | Interco Interest Exp Heritage | | | 64,782.22- | |
| | | | | | Total 2-29-08 | 7,773,828.19-* | .00* | 64,782.22-* | 7,838,610.41-* |
| 3-14-2008 | | | | PNFN 570 | transfer from Heritage | | | 200,000.00- | |
| 3-19-2008 | | | | PNFN 634 | Trans from Heritage | | | 100,000.00- | |
| 3-31-2008 | | | | 780 | 3.08 hlc interest | | | 66,633.61- | |
| 3-31-2008 | | | | 843 | Soilworks Inv Pd by Heritage | | | 14,767.60- | |
| | | | | | Total 3-31-08 | 7,838,610.41-* | .00* | 381,401.21-* | 8,220,011.62-* |
| 4-09-2008 | | | | PNFN 593 | trans from Heritage | | | 210,000.00- | |
| 4-18-2008 | | | | PNFN 608 | transfer from Heritage | | | 400,000.00- | |
| 4-28-2008 | | | | PNFN 613 | Trans from Heritage | | | 200,000.00- | |
| 4-30-2008 | | | | 842 | 4.08 hlc interest | | | 71,875.42- | |
| | | | | | Total 4-30-08 | 8,220,011.62-* | .00* | 881,875.42-* | 9,101,887.04-* |
| 5-13-2008 | | | | PNFN 650 | Wire from HLC | | | 20,000.00- | |
| 5-13-2008 | | | | PNFN 674 | trans Heritage | | | 200,000.00- | |
| 5-13-2008 | | | | PNFN 674 | txtrans Heritage | | | 20,000.00- | |
| 5-13-2008 | | | | PNFN 675 | (REV) txtrans Heritage | | | 20,000.00- | |
| 5-13-2008 | | | | PNFN 675 | trans Heritage | | | 20,000.00- | |
| 5-28-2008 | | | | PNFN 674 | trans Heritage | | | 60,000.00- | |
| 5-30-2008 | | | | PNFN 674 | trans Heritage | | | 300,000.00- | |
| 5-31-2008 | | | | PNFN 675 | Dupl trans | | 20,000.00 | | |
| 5-31-2008 | | | | 892 | 5.08 hlc interest | | | 78,266.05- | |
| | | | | | Total 5-31-08 | 9,101,887.04-* | 20,000.00* | 678,266.05-* | 9,760,153.09-* |
| 6-11-2008 | | | | PNFN 685 | Transfer-Heritage | | | 160,000.00- | |
| 6-30-2008 | | | | 903 | Interco Int Expense Heritage | | | 82,001.60- | |
| | | | | | Total 6-30-08 | 9,760,153.09-* | .00* | 242,001.60-* | 10,002,154.69-* |
| 7-31-2008 | | | | 932 | Interco Int Expense Heritage | | | 83,351.61- | |
| | | | | | Total 7-31-08 | 10,002,154.69-* | .00* | 83,351.61-* | 10,085,506.30-* |
| 8-27-2008 | | | | PNFN 749 | trans from Heritage | | | 200,000.00- | |
| 8-31-2008 | | | | 953 | Interco Int Expense Heritage | | | 84,879.54- | |
| | | | | | Total 8-31-08 | 10,085,506.30-* | .00* | 284,879.54-* | 10,370,385.84-* |
| 9-03-2008 | | | | PNFN 755 | Trans frm Heritage | | | 100,000.00- | |
| 9-05-2008 | | | | PNFN 761 | Trans from Heritage | | | 50,000.00- | |
| 9-30-2008 | | | | 986 | Heritage Int Exp September | | | 87,045.20- | |
| | | | | | Total 9-30-08 | 10,370,385.84-* | .00* | 237,045.20-* | 10,607,431.04-* |

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Year-to-date Ledger - Accrual

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System Date: 2-25-2009
System Time: 12:59 pm

| Date | Jrn | Ref | Ref | Batch | Transaction Des | Beginning Balance | Debit | Credit | Ending Balance |
|--|---------------------------|------|----------|-------|--|-------------------|---------------|----------------|-----------------|
| 120-00-2610.0001 | Heritage | LOC | | | Continued | | | | |
| 10-31-2008 | | | 1008 | | 10.08 hlc interest | | | 88,891.79- | |
| 10-31-2008 | | | 1r112008 | | Rcd wire loan pmt 9 & 10/08 | | | 119,090.48- | |
| | | | | | Total 10-31-08 | 10,607,431.04-* | .00* | 207,982.27-* | 10,815,413.31-* |
| 11-05-2008 | PNFN | | 827 | | Trans from Heritage | | | 200,000.00- | |
| 11-20-2008 | PNFN | | 845 | | Trans from Heritage | | | 125,000.00- | |
| 11-30-2008 | | | 1017 | | 11.08 hlc interest | | | 91,482.93- | |
| | | | | | Total 11-30-08 | 10,815,413.31-* | .00* | 416,482.93-* | 11,231,896.24-* |
| 12-12-2008 | PNFN | | 863 | | Trans from Heritage | | | 50,000.00- | |
| 12-31-2008 | | | 1058 | | Adjust coding on interco | | | 16,190.90- | |
| 12-31-2008 | | | 1059 | | 12.08 hlc interest | | | 93,875.25- | |
| | | | | | Total 12-31-08 | 11,231,896.24-* | .00* | 160,066.15-* | 11,391,962.39-* |
| | | | | | Total Account 120-00-2610.0001 -- Heritage LOC | 7,012,473.92-* | 20,000.00* | 4,399,488.47-* | 11,391,962.39-* |
| | | | | | Total Company 120 - Pinnacle Grading | 7,354,523.15-* | 1,439,958.22* | 6,097,643.79-* | 12,012,208.72-* |
| 125 Pinnacle Equipment Rental (1-01-2008 - 12-31-2008) | | | | | | | | | |
| 125-00-1300.0043 | Due From Pinnacle Grading | | | | | | | | |
| 1-31-2008 | | | 757 | | Interco Lease Income & expense | | 118,892.39 | | |
| 1-31-2008 | | | 770 | | Adj Lease amt. PER to PG | | | 5,000.00- | |
| | | | | | Total 1-31-08 | 793,040.09* | 118,892.39* | 5,000.00-* | 906,932.48* |
| 2-29-2008 | | | 785 | | InterCo Lease Expense | | 113,892.39 | | |
| | | | | | Total 2-29-08 | 906,932.48* | 113,892.39* | .00* | 1,020,824.87* |
| 3-31-2008 | | | 809 | | Due from PG | | 113,892.39 | | |
| | | | | | Total 3-31-08 | 1,020,824.87* | 113,892.39* | .00* | 1,134,717.26* |
| 4-30-2008 | | | 856 | | InterCo Lease Inc & Exp | | 113,892.39 | | |
| | | | | | Total 4-30-08 | 1,134,717.26* | 113,892.39* | .00* | 1,248,609.65* |
| 6-30-2008 | | | 908 | | Mob Equip PER for PG | | 2,250.00 | | |
| 6-30-2008 | | | 908 | | Mob Equip PER for PG | | 1,500.00 | | |
| 6-30-2008 | | | 908 | | Mob Equip PER for PG | | 1,250.00 | | |
| 6-30-2008 | | | 910 | | InterCo Billing PER for PG | | 1,500.00 | | |
| 6-30-2008 | | | 922 | | InterCo Lease entry May 08 | | 118,892.39 | | |
| 6-30-2008 | | | 922 | | InterCo Lease entry June 08 | | 118,892.39 | | |
| | | | | | Total 6-30-08 | 1,248,609.65* | 244,284.78* | .00* | 1,492,894.43* |
| 7-31-2008 | | | 927 | | C208-1001 Pinnacle Grading Mob | | 2,500.00 | | |
| 7-31-2008 | | | mah10 | | Empire bills pd by Equip | | 70,000.00 | | |
| | | | | | Total 7-31-08 | 1,492,894.43* | 72,500.00* | .00* | 1,565,394.43* |
| 11-17-2008 | API | AD01 | 2016 | 1975 | TPT-Rental/Pers for MOB Rental | | 634.86 | | |
| 11-17-2008 | API | AD01 | 2016 | 1975 | (Rev)TPT-Rental/Pers for MOB R | | 634.86- | | |
| 11-19-2008 | | | 1013 | | PER TPT for Nov. | | | 634.86- | |
| 11-30-2008 | | | 1036 | | Sls tax late fee for PER | | | 4,655.58- | |
| 11-30-2008 | | | 1039 | | corr duplicate posting | | 634.86 | | |
| | | | | | Total 11-30-08 | 1,565,394.43* | 634.86* | 5,290.44-* | 1,560,738.85* |
| 12-24-2008 | | | 1043 | | post ins & lic fees pd by PG | | | 5,160.00- | |
| 12-24-2008 | | | 1043 | | post ins & lic fees pd by PG | | | 3,483.00- | |
| | | | | | Total 12-31-08 | 1,560,738.85* | .00* | 8,643.00-* | 1,552,095.85* |
| | | | | | Total Account 125-00-1300.0043 - Due From Pinnacle G | 793,040.09* | 777,989.20* | 18,933.44-* | 1,552,095.85* |
| 125-00-2600.0000 | Due to Affiliated Parties | | | | | | | | |
| 1-25-2008 | APC | | 1375 | | Summary Entry | | 118,892.39- | | |
| 1-31-2008 | | | 751 | | Cat #2 Note Pmt by PG for PER | | 118,892.39- | | |
| 1-31-2008 | | | 767 | | PER TPT tax paid by PG | | | 6,234.23- | |
| 1-31-2008 | | | 784 | | dup. posting pmt by PG for PE | | 118,892.39 | | |
| | | | | | Total 1-31-08 | 450,990.86-* | 118,892.39* | 244,019.01-* | 576,117.48-* |
| 2-29-2008 | | | 791 | | Cat #2 Paym't due to PG | | 118,892.39- | | |
| 2-29-2008 | | | 798 | | Sales tax Pmt due from PER | | | 6,234.23- | |
| | | | | | Total 2-29-08 | 576,117.48-* | .00* | 125,126.62-* | 701,244.10-* |
| 3-31-2008 | | | 813 | | Cat #2 Note Payment by PG | | 118,892.39- | | |
| 3-31-2008 | | | 818 | | TPT tax exp. paid by PG | | | 6,234.23- | |
| 3-31-2008 | | | 860 | | Reverse Feb #791 dbl postings | | 118,892.39 | | |
| 3-31-2008 | | | 860 | | Reverse Mar #791 dbl postings | | 118,892.39 | | |
| | | | | | Total 3-31-08 | 701,244.10-* | 237,784.78* | 125,126.62-* | 588,585.94-* |
| 4-18-2008 | APC | | 1549 | | Summary Entry | | 118,892.39- | | |
| 4-30-2008 | | | 844 | | PER TPT Tax Exp paid by PG | | | 6,234.23- | |
| | | | | | Total 4-30-08 | 588,585.94-* | .00* | 125,126.62-* | 713,712.56-* |
| 5-15-2008 | APC | | 1584 | | Summary Entry | | 118,892.39- | | |
| 5-31-2008 | | | 869 | | Cat #2 Mpt pmt by PG | | 118,892.39- | | |
| 5-31-2008 | | | 877 | | PER TPT tax paid by PG | | | 6,234.23- | |
| | | | | | Total 5-31-08 | 713,712.56-* | .00* | 244,019.01-* | 957,731.57-* |
| 6-30-2008 | | | 900 | | Cat #2 Note Pmt by PG for PER | | 118,892.39- | | |
| 6-30-2008 | | | 906 | | PER TPT tax paid by PG | | | 6,234.23- | |
| 6-30-2008 | | | 924 | | Add'l fees for Nov 07 taxes | | | 4,429.63- | |
| 6-30-2008 | | | mahl | | Reverse Batch 869 | | 118,892.39 | | |
| 6-30-2008 | | | mahl | | Reverse Batch 900 | | 118,892.39 | | |
| | | | | | Total 6-30-08 | 957,731.57-* | 237,784.78* | 129,556.25-* | 849,503.04-* |
| 7-22-2008 | APC | | 1700 | | Summary Entry | | 11,416.42- | | |
| 7-31-2008 | | | 936 | | Cat Note 2 pmt by PG | | 11,416.42- | | |
| 7-31-2008 | | | 936 | | Cat Note 2 pmt due PG adj | | | 11,416.42- | |
| 7-31-2008 | | | 936 | | Cat #2 late pmt due PG adj | | | 750.20- | |
| 7-31-2008 | | | 936 | | Cat #2 late pmt due PG adj | | | 6,234.23- | |

Pinnacle Grading LLC

Year-to-date Ledger - Accrual

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System Date: 2-25-2009
System Time: 12:59 pm

| Date | Jrn | Ref | Ref | Batch | Transaction Des | Beginning Balance | Debit | Credit | Ending Balance |
|------------------|-----|-----|-----|-------|--|-------------------|---------------|----------------|-----------------|
| 125-00-2600.0000 | | | | | Due to Affiliated Parties - Continued | | | | |
| | | | | | Total 7-31-08 | 849,503.04-* | .00* | 41,233.69-* | 890,736.73-* |
| 8-15-2008 | APC | | | 1746 | Summary Entry | | | 11,416.42- | |
| 8-31-2008 | | | | 966 | pst late fees & TPT chgs by PG | | | 623.42- | |
| 8-31-2008 | | | | 966 | pst late fees & TPT chgs by PG | | | 751.62- | |
| 8-31-2008 | | | | 966 | pst late fees & TPT chgs by PG | | | 3,537.42- | |
| | | | | | Total 8-31-08 | 890,736.73-* | .00* | 16,328.88-* | 907,065.61-* |
| 9-17-2008 | | | | 969 | Cat #2 Note Pmt by PG | | | 11,416.42- | |
| 9-23-2008 | | | | 974 | Adj to PER account | | | 8,656.28- | |
| 9-23-2008 | | | | 974 | Adj to PER account | | | 3,182.98- | |
| 9-30-2008 | | | | 988 | Adj interco accounts Sept | | 413,759.27 | | |
| 9-30-2008 | | | | 988 | Adj interco accounts Sept | | 750.20 | | |
| 9-30-2008 | | | | 1 | Adjustments to interco account | | | 413,759.27- | |
| 9-30-2008 | | | | 1 | Adjustments to interco account | | | 750.20- | |
| | | | | | Total 9-30-08 | 907,065.61-* | 414,509.47* | 437,765.15-* | 930,321.29-* |
| 11-30-2008 | | | | 1029 | TPT Nov taxes paid by PG | | | 634.86- | |
| | | | | | Total 11-30-08 | 930,321.29-* | .00* | 634.86-* | 930,956.15-* |
| | | | | | Total Account 125-00-2600.0000 - Due to Affiliated P | 450,990.86-* | 1,008,971.42* | 1,488,936.71-* | 930,956.15-* |
| | | | | | Total Company 125 - Pinnacle Equipment Rental | 342,049.23* | 1,786,960.62* | 1,507,870.15-* | 621,139.70* |
| GRAND TOTALS | | | | | | 7,012,473.92-* | 3,226,918.84* | 7,605,513.94-* | 11,391,069.02-* |

Pinnacle Grading LLC

Year-to-date Ledger - Accrual

2-25-2009 Page 1
System Date: 2-25-2009
System Time: 12:59 pm

| Date | Jrn | Ref | Ref | Batch | Transaction Des | Beginning Balance | Debit | Credit | Ending Balance |
|--|-----|------|------|-------|--|-------------------|---------------|--------------|----------------|
| 120 Pinnacle Grading (1-01-2007 - 12-31-2007) | | | | | | | | | |
| 120-00-1300.0000 | | | | | Due from Affiliates | | | | |
| 1-17-2007 | APC | | | 541 | Summary Entry | | 940.63 | | |
| 1-31-2007 | | | | 323 | Reclass Dec Entry in Error | | | 940.63- | |
| | | | | | Total 1-31-07 | .00* | 940.63* | 940.63-* | .00* |
| 2-09-2007 | APC | | | 579 | Summary Entry | | 12.00 | | |
| 2-09-2007 | APC | ARI1 | TPT | 580 | (Rev)Pinnacle Equip. rental | | 12.00- | | |
| 2-09-2007 | APC | | | 581 | Summary Entry | | 12.00 | | |
| 2-28-2007 | APC | | | 604 | Summary Entry | | 210.03 | | |
| 2-28-2007 | APC | UNIO | 0762 | 606 | (Rev)Uniforms invoice 762512 | | 210.03- | | |
| | | | | | Total 2-28-07 | .00* | 12.00* | .00* | 12.00* |
| 4-24-2007 | API | ADO1 | 0301 | 742 | trans. priv. use & serv tax | | 11,287.69 | | |
| | | | | | Total 4-30-07 | 12.00* | 11,287.69* | .00* | 11,299.69* |
| 5-11-2007 | API | ADO1 | 04/0 | 806 | Use and Serverance Tax Return | | 11,287.69 | | |
| 5-22-2007 | API | ADO1 | 0700 | 830 | TPT-1 Period Dec. 31,07 | | 697.89 | | |
| | | | | | Total 5-31-07 | 11,299.69* | 11,985.58* | .00* | 23,285.27* |
| 6-07-2007 | API | ARI1 | 2051 | 895 | May 06 TPT Return | | 11,287.69 | | |
| | | | | | Total 6-30-07 | 23,285.27* | 11,287.69* | .00* | 34,572.96* |
| 7-13-2007 | API | ADO1 | 2051 | 1003 | St. Lic.#20161386-A Jun 06 TPT | | 11,287.69 | | |
| | | | | | Total 7-31-07 | 34,572.96* | 11,287.69* | .00* | 45,860.65* |
| 8-07-2007 | API | ADO1 | 2016 | 1060 | Tax ID.#205161950 | | 11,287.69 | | |
| 8-08-2007 | API | ADO1 | 2016 | 1069 | July 07 TPT Return | | 11,287.69 | | |
| 8-08-2007 | API | ADO1 | 2016 | 1060 | (Rev)Tax ID.#205161950 | | 11,287.69- | | |
| | | | | | Total 8-31-07 | 45,860.65* | 11,287.69* | .00* | 57,148.34* |
| 9-18-2007 | API | ADO1 | 105 | 1148 | Aug 07 TPT | | 11,287.69 | | |
| 9-18-2007 | APC | ARI1 | TPT | 1146 | (Rev)Pinnacle Equip. rental | | 12.00- | | |
| | | | | | Total 9-30-07 | 57,148.34* | 11,275.69* | .00* | 68,424.03* |
| 10-11-2007 | API | ADO1 | 2051 | 1192 | SEP 07 TPT-20161386-A | | 11,287.69 | | |
| 10-18-2007 | | | | 636 | MJE4-AR & AP for Pers Prop Tax | | 49,751.08 | | |
| 10-18-2007 | APC | | | 1208 | Summary Entry | | 49,751.08 | | |
| 10-22-2007 | | | | 629 | JE8-Cat 2&3 Paid by PG for PER | | 211,762.79 | | |
| 10-24-2007 | APC | | | 1223 | Summary Entry | | 211,762.79 | | |
| 10-24-2007 | APC | CAT1 | 1080 | 1227 | (Rev)Equip. Loan | | 182,915.62- | | |
| 10-24-2007 | APC | CAT1 | 1080 | 1227 | (Rev)Equip. Loan | | 28,847.17- | | |
| 10-25-2007 | API | CAT1 | 1080 | 1228 | Equip. Loan | | 182,915.62 | | |
| 10-25-2007 | API | CAT1 | 1080 | 1228 | Equip. Loan | | 28,847.17 | | |
| 10-31-2007 | | | | 644 | MJE7-Rev MJE4 | | | 49,751.08- | |
| 10-31-2007 | | | | 644 | MJE7-Rev JE8 | | | 211,762.79- | |
| | | | | | Total 10-31-07 | 68,424.03* | 534,315.43* | 261,513.87-* | 341,225.59* |
| 11-13-2007 | | PNFN | | 484 | Refund-Cat Financial | | | 30,729.84- | |
| 11-14-2007 | API | ADO1 | 2016 | 1257 | Oct 07 TPT | | 10,663.86 | | |
| | | | | | Total 11-30-07 | 341,225.59* | 10,663.86* | 30,729.84-* | 321,159.61* |
| 12-06-2007 | API | CAT1 | 1080 | 1228 | (Rev)Equip. Loan | | 182,915.62- | | |
| 12-06-2007 | API | CAT1 | 1080 | 1228 | (Rev)Equip. Loan | | 28,847.17- | | |
| 12-17-2007 | API | ADO1 | 2051 | 1321 | TPT-20161386A NOV 07 | | 10,663.86 | | |
| 12-31-2007 | | | | 731 | correct acct for pmt to Cat | | 119,167.39 | | |
| 12-31-2007 | | | | 737 | Correct Batch AP 122 | | 28,847.17 | | |
| 12-31-2007 | | | | 737 | Correct Batch AP 122 | | 182,915.62 | | |
| | | | | | Total 12-31-07 | 321,159.61* | 129,831.25* | .00* | 450,990.86* |
| Total Account 120-00-1300.0000 - Due from Affiliates | | | | | | .00* | 744,175.20* | 293,184.34-* | 450,990.86* |
| 120-00-1300.0001 | | | | | Sagebrush | | | | |
| 3-31-2007 | | | | 404 | MJE10 Reclass Sagebrush AR | | | 6,000.00- | |
| Total Account 120-00-1300.0001 - Sagebrush | | | | | | 6,000.00* | .00* | 6,000.00-* | .00* |
| 120-00-1300.0024 | | | | | Due from Affiliate - Rhodes Homes Ariz | | | | |
| 1-31-2007 | | | | 324 | Jan Billing Inv. #GV0011 4,5,6 | | 250,749.71 | | |
| 1-31-2007 | | | | 324 | Jan Billing Inv. #GV0012 10,11 | | 595,296.55 | | |
| | | | | | Total 1-31-07 | 5,443,856.82* | 846,046.26* | .00* | 6,289,903.08* |
| 3-31-2007 | | | | 403 | MJE11 Reclass Empire Inv.RHA | | 1,284.22 | | |
| 3-31-2007 | | | | 408 | MJE13 Info Cubic - Interco | | | 307.00- | |
| 3-31-2007 | | | | 416 | JE15 Billings to RHA #GV013 | | 13,971.70 | | |
| 3-31-2007 | | | | 416 | JE15 Billings to RHA #GV014 | | 459,905.55 | | |
| 3-31-2007 | | | | 416 | JE15 Billings to RHA #GV015 | | 216,746.20 | | |
| 3-31-2007 | | | | 416 | JE15 Billings to RHA #GV016 | | 177,841.40 | | |
| 3-31-2007 | | | | 416 | JE15 Billings to RHA #GV020 | | 231,475.20 | | |
| 3-31-2007 | | | | 416 | JE15 Billings to RHA #GV021 | | 47,461.65 | | |
| 3-31-2007 | | | | 416 | JE15 Billings to RHA #GV017 | | 243,418.96 | | |
| 3-31-2007 | | | | 416 | JE15 Billings to RHA #GV018 | | 186,964.80 | | |
| 3-31-2007 | | | | 416 | JE15 Billings to RHA #GV019 | | 467,928.10 | | |
| 3-31-2007 | | | | 416 | JE15 Billings to RHA #GV022 | | 207,462.60 | | |
| | | | | | Total 3-31-07 | 6,289,903.08* | 2,254,460.38* | 307.00-* | 8,544,056.46* |
| 4-30-2007 | | | | 428 | JE-21 Health Ins Owed to Rhode | | | 11,705.66- | |
| | | | | | Total 4-30-07 | 8,544,056.46* | .00* | 11,705.66-* | 8,532,350.80* |
| 5-31-2007 | | | | 446 | JE21-Ins Owed to Rhodes-HPN | | | 11,705.66- | |
| 5-31-2007 | | | | 446 | JE21-Ins Owed to Rhodes-Gaurdi | | | 282.87- | |
| | | | | | Total 5-31-07 | 8,532,350.80* | .00* | 11,988.53-* | 8,520,362.27* |
| 6-30-2007 | | | | 500 | JE21 Guardian Claims to RHAZ | | | 2,229.03- | |
| 6-30-2007 | | | | 500 | JE21 HPN Ins to RHAZ | | | 10,654.19- | |
| 6-30-2007 | | | | 500 | JE21 Guardian Premium to RHAZ | | | 355.75- | |
| 6-30-2007 | | | | 519 | MJE6-Reclass AR to RHA-AR | | 81,000.00 | | |

Pinnacle Grading LLC

Year-to-date Ledger - Accrual

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System Date: 2-25-2009
System Time: 12:59 pm

| Date | Jrn | Ref | Ref | Batch | Transaction Des | Beginning Balance | Debit | Credit | Ending Balance |
|--|-----|-----|-----|-------|--|-------------------|---------------|----------------|----------------|
| 120-00-1300.0024 | | | | | Due from Affiliate - Rhodes Homes Ariz - Continued | | | | |
| | | | | | Total 6-30-07 | 8,520,362.27* | 81,000.00* | 13,238.97* | 8,588,123.30* |
| 7-16-2007 | | | | 536 | JE21-Heath Ins. Guardian Claim | | | 1,307.50- | |
| 7-16-2007 | | | | 536 | JE21-Heath Ins. HPN Premium | | | 8,222.97- | |
| 7-16-2007 | | | | 536 | JE21-Heath Ins. Guardian Premi | | | 166.95- | |
| 7-31-2007 | | | | 542 | MJE5-Guadrian Ins Claims May07 | | | 566.40- | |
| | | | | | Total 7-31-07 | 8,588,123.30* | .00* | 10,263.82* | 8,577,859.48* |
| 8-31-2007 | | | | 566 | JE21-Pd by RHAZ-HPN & PPO | | | 5,874.05- | |
| 8-31-2007 | | | | 566 | JE21-Pd by RHAZ-Guardian Prem | | | 206.70- | |
| | | | | | Total 8-31-07 | 8,577,859.48* | .00* | 6,080.75* | 8,571,778.73* |
| 9-10-2007 | | | | 601 | MJE4-Recl Slater to RHAZ | | 7,400.00 | | |
| 9-30-2007 | | | | 597 | JE21-HPN Health | | | 6,995.79- | |
| 9-30-2007 | | | | 597 | JE21-Guardian Claims | | | 495.20- | |
| 9-30-2007 | | | | 597 | JE21-Sep Guardian Premium | | | 206.70- | |
| 9-30-2007 | | | | 597 | JE21-Aug Guardian Premium | | | 463.00- | |
| | | | | | Total 9-30-07 | 8,571,778.73* | 7,400.00* | 8,160.69* | 8,571,018.04* |
| 10-31-2007 | | | | 638 | JE21-RHAZ Paid Guardian Claims | | | 789.50- | |
| 10-31-2007 | | | | 638 | JE21-RHAZ Paid HPN Premium | | | 9,123.79- | |
| 10-31-2007 | | | | 638 | JE21-RHAZ Paid Guardian Premi | | | 79.50- | |
| 10-31-2007 | | | | 657 | JE16- Billings to RHAZ #1011 | | 280,000.00 | | |
| 10-31-2007 | | | | 657 | JE16- Billings to RHAZ #1012 | | 220,000.00 | | |
| | | | | | Total 10-31-07 | 8,571,018.04* | 500,000.00* | 9,992.79* | 9,061,025.25* |
| 11-01-2007 | | | | 679 | JE21-Guardian Premium Nov 07 | | | 224.65- | |
| | | | | | Total 11-30-07 | 9,061,025.25* | .00* | 224.65* | 9,060,800.60* |
| 12-31-2007 | | | | 715 | Pass through int from Heritage | | 992,057.67 | | |
| 12-31-2007 | | | | 716 | Reduce Heritage LOC by RHA rec | | | 10,052,858.27- | |
| | | | | | Total 12-31-07 | 9,060,800.60* | 992,057.67* | 10,052,858.27* | .00* |
| Total Account 120-00-1300.0024 - Due from Affiliate | | | | | | 5,443,856.82* | 4,680,964.31* | 10,124,821.13* | .00* |
| 120-00-2150.0049 | | | | | Due to Pinnacle Equipment Rental | | | | |
| 1-08-2007 | | | | 262 | Sagebrush pmt | | 172,117.00 | | |
| 1-31-2007 | | | | 266 | InterCo Lease Income & Expense | | | 172,117.00- | |
| 1-31-2007 | | | | 276 | Cat 2 Payment - Sagebrush | | 172,117.00 | | |
| 1-31-2007 | | | | 278 | Reverse Sagebrush Pymt | | | 172,117.00- | |
| | | | | | Total 1-31-07 | 172,117.00* | 344,234.00* | 344,234.00* | 172,117.00* |
| 2-28-2007 | | | | 326 | Cat 2&3 Interco Inc-Exp | | | 194,817.00- | |
| 2-28-2007 | | | | 286 | Due to PER | | 194,817.00 | | |
| | | | | | Total 2-28-07 | 172,117.00* | 194,817.00* | 194,817.00* | 172,117.00* |
| 3-31-2007 | | | | 368 | JE1-Cat #2&3 Interco Inc/Exp | | | 194,817.00- | |
| 3-31-2007 | | | | 316 | Cat 2&3 Lease | | 194,817.00 | | |
| 3-31-2007 | | | | 419 | MJE18-Correction #1 | | | 22,700.00- | |
| 3-31-2007 | | | | 337 | MJE 18 Correction #6 | | | 194,817.00- | |
| | | | | | Total 3-31-07 | 172,117.00* | 194,817.00* | 412,334.00* | 389,634.00* |
| 4-01-2007 | | | | 423 | JE1 Cat 2 & 3 InterCo Inc/Exp | | | 194,817.00- | |
| 4-12-2007 | | | | 338 | InterCo Lease Payment | | 389,634.00 | | |
| | | | | | Total 4-30-07 | 389,634.00* | 389,634.00* | 194,817.00* | 194,817.00* |
| 5-31-2007 | | | | 456 | JE1-Cat 2&3 Interco Inc/Exp | | | 194,817.00- | |
| | | | | | Total 5-31-07 | 194,817.00* | .00* | 194,817.00* | 389,634.00* |
| 6-30-2007 | | | | 496 | JE1-Cat 2&3 InterCo Inc/Exp | | | 194,817.00- | |
| | | | | | Total 6-30-07 | 389,634.00* | .00* | 194,817.00* | 584,451.00* |
| 7-31-2007 | | | | 529 | JE1-Cat 2&3 Inter Co Inc.-Exp. | | | 194,817.00- | |
| | | | | | Total 7-31-07 | 584,451.00* | .00* | 194,817.00* | 779,268.00* |
| 8-31-2007 | | | | 557 | JE1-Cat 2&3 InterCo Inc.-Exp. | | | 194,817.00- | |
| | | | | | Total 8-31-07 | 779,268.00* | .00* | 194,817.00* | 974,085.00* |
| 9-30-2007 | | | | 592 | JE1-Cat 2-3 InterCo Lease/Exp | | | 194,817.00- | |
| | | | | | Total 9-30-07 | 974,085.00* | .00* | 194,817.00* | 1,168,902.00* |
| 10-31-2007 | | | | 623 | JE1-Cat 2&3 InterCo Lease/Exp | | | 194,817.00- | |
| | | | | | Total 10-31-07 | 1,168,902.00* | .00* | 194,817.00* | 1,363,719.00* |
| 11-30-2007 | | | | 678 | JE1-Cat 2-3 InterCo Lease Exp | | | 194,817.00- | |
| | | | | | Total 11-30-07 | 1,363,719.00* | .00* | 194,817.00* | 1,558,536.00* |
| 12-31-2007 | | | | 721 | JE1 Cat Interco Lease Expense | | | 194,817.00- | |
| 12-31-2007 | | | | 742 | Adjust pin-dci-hlc | | 960,312.91 | | |
| | | | | | Total 12-31-07 | 1,558,536.00* | 960,312.91* | 194,817.00* | 793,040.09* |
| Total Account 120-00-2150.0049 - Due to Pinnacle Equ | | | | | | 172,117.00* | 2,083,814.91* | 2,704,738.00* | 793,040.09* |
| 120-00-2610.0000 | | | | | Notes Payable to Related Parties | | | | |
| 3-31-2007 | | | | 404 | MJE10 Reclass Sagebrush AR | | 6,000.00 | | |
| 3-31-2007 | | | | 411 | MJE10 Reclass Sagebrush AT | | | 6,000.00- | |
| | | | | | Total 3-31-07 | .00* | 6,000.00* | 6,000.00* | .00* |
| 11-30-2007 | | | | 704 | JE11-Asset #610-017 | | | 7,415.21- | |
| 11-30-2007 | | | | 704 | JE11-Asset #610-018 | | | 8,342.12- | |
| 11-30-2007 | | | | 704 | JE11-Asset #610-019 | | | 16,227.69- | |
| | | | | | Total 11-30-07 | .00* | .00* | 31,985.02* | 31,985.02* |
| 12-31-2007 | | | | 717 | mje3-reverse asset entry Nov | | 7,415.21 | | |
| 12-31-2007 | | | | 717 | mje3-reverse asset entry Nov | | 8,342.12 | | |
| 12-31-2007 | | | | 717 | mje3-reverse asset entry Nov | | 16,227.69 | | |
| 12-31-2007 | | | | 759 | asset additions adjustment | | | 7,415.21- | |

Pinnacle Grading LLC

Year-to-date Ledger - Accrual

2-25-2009 Page 3
System Date: 2-25-2009
System Time: 12:59 pm

| Date | Jrn | Ref | Ref | Batch | Transaction Des | Beginning Balance | Debit | Credit | Ending Balance |
|--|-----|-----|------|-------|--|-------------------|----------------|-----------------|-----------------|
| 120-00-2610.0000 | | | | | Notes Payable to Related Parties - Continued | | | | |
| 12-31-2007 | | | 759 | | asset additions adjustment | | | 8,342.12- | |
| 12-31-2007 | | | 759 | | asset additions adjustment | | | 16,227.69- | |
| 12-31-2007 | | | 779 | | move from Note payable | 7,415.21 | | | |
| 12-31-2007 | | | 779 | | move from Note payable | 8,342.12 | | | |
| 12-31-2007 | | | 779 | | move from Note payable | 16,227.69 | | | |
| | | | | | Total 12-31-07 | 31,985.02-* | 63,970.04* | 31,985.02-* | .00* |
| Total Account 120-00-2610.0000 - Notes Payable to Re | | | | | | .00* | 69,970.04* | 69,970.04-* | .00* |
| 120-00-2610.0001 | | | | | Heritage LOC | | | | |
| 1-31-2007 | | | PNFN | 268 | trx from hlc | | | 1,812,021.87- | |
| 1-31-2007 | | | PNFN | 295 | Interco Int Exp - Herititage | | | 63,030.55- | |
| | | | | | Total 1-31-07 | 5,544,877.18-* | .00* | 1,875,052.42-* | 7,419,929.60-* |
| 2-28-2007 | | | PNFN | 310 | Trans from HLC | | | 1,099,795.50- | |
| 2-28-2007 | | | | 358 | JE13 InterCo Int. Exp Heritage | | | 77,871.85- | |
| | | | | | Total 2-28-07 | 7,419,929.60-* | .00* | 1,177,667.35-* | 8,597,596.95-* |
| 3-31-2007 | | | | 406 | JE13 Interco Heritage | | | 89,197.96- | |
| 3-31-2007 | | | PNFN | 320 | HLC Sweep | | | 1,068,809.75- | |
| 3-31-2007 | | | | 411 | MJE10 Reclass Sagebrush AT | | 6,000.00 | | |
| | | | | | Total 3-31-07 | 8,597,596.95-* | 6,000.00* | 1,158,007.71-* | 9,749,604.66-* |
| 4-30-2007 | | | PNFN | 347 | Trans from HLC | | | 1,270,133.68- | |
| 4-30-2007 | | | | 430 | JE-13 InterCo Int. Exp HLC | | | 101,613.46- | |
| 4-30-2007 | | | | 444 | MJE-9 Heritage Loan-Auditors F | | | 30,000.00- | |
| | | | | | Total 4-30-07 | 9,749,604.66-* | .00* | 1,401,747.14-* | 11,151,351.80-* |
| 5-25-2007 | | | | 460 | MJE3-Book Peterbuilt from HLC | | 122,073.14 | | |
| 5-25-2007 | | | | 463 | MJE6-Reverse MJE3 Peterbuilt | | | 122,073.14- | |
| 5-25-2007 | | | | 464 | MJE3-Rebooked Peterbuilt | | | 111,900.37- | |
| 5-31-2007 | | | PNFN | 389 | Transfer From HLC | | | 1,019,083.06- | |
| 5-31-2007 | | | | 465 | JE13-InterCo Int. Exp-HLC | | | 114,483.33- | |
| | | | | | Total 5-31-07 | 11,151,351.80-* | 122,073.14* | 1,367,539.90-* | 12,396,818.56-* |
| 6-30-2007 | | | PNFN | 400 | Transfer From HLC | | | 391,565.13- | |
| 6-30-2007 | | | | 516 | JE13-InterCo Int Exp -Heritage | | | 123,040.21- | |
| | | | | | Total 6-30-07 | 12,396,818.56-* | .00* | 514,605.34-* | 12,911,423.90-* |
| 7-31-2007 | | | | 547 | JE13-InterCo Int Heritage | | | 128,959.94- | |
| 7-31-2007 | | | PNFN | 416 | Transfer from Heritage | | | 574,069.16- | |
| | | | | | Total 7-31-07 | 12,911,423.90-* | .00* | 703,029.10-* | 13,614,453.00-* |
| 8-28-2007 | | | PNFN | 432 | JE18-Correct Entry | | | 786,505.17- | |
| 8-29-2007 | | | PNFN | 432 | JE18-Adjust Original Entry | | | 786,505.17- | |
| 8-31-2007 | | | PNFN | 427 | Transfer from Heritage | | 786,505.17 | | |
| 8-31-2007 | | | | 568 | JE13-InterCo Int Exp Heritage | | | 136,866.96- | |
| | | | | | Total 8-31-07 | 13,614,453.00-* | 786,505.17* | 1,709,877.30-* | 14,537,825.13-* |
| 9-30-2007 | | | PNFN | 441 | Funds from Heritage | | | 1,006,802.77- | |
| 9-30-2007 | | | | 612 | JE13-InterCo Int Exp-Heritage | | | 150,098.91- | |
| | | | | | Total 9-30-07 | 14,537,825.13-* | .00* | 1,156,901.68-* | 15,694,726.81-* |
| 10-31-2007 | | | | 661 | 10.07 hlc interest | | | 156,620.29- | |
| 10-31-2007 | | | | 662 | JE13-InterCo Int. Exp. Heritag | | | 156,620.29- | |
| 10-31-2007 | | | | 663 | JE13-Reverse A Pedroza's Entry | | 156,620.29 | | |
| | | | | | Total 10-31-07 | 15,694,726.81-* | 156,620.29* | 313,240.58-* | 15,851,347.10-* |
| 11-30-2007 | | | | 702 | JE12-InterCo Int. Exp. Heritag | | | 158,183.24- | |
| | | | | | Total 11-30-07 | 15,851,347.10-* | .00* | 158,183.24-* | 16,009,530.34-* |
| 12-31-2007 | | | | 716 | Reduce Heritage LOC by RHA rec | | 10,052,858.27 | | |
| 12-31-2007 | | | | 723 | post interco int exp heritage | | | 109,602.20- | |
| 12-31-2007 | | | | 742 | Adjust pin-dci-hlc | | | 960,312.91- | |
| 12-31-2007 | | | | 743 | Additional hlc interest | | | 4,791.56- | |
| 12-31-2007 | | | | 744 | interest reduction to 10% | | 18,904.82 | | |
| | | | | | Total 12-31-07 | 16,009,530.34-* | 10,071,763.09* | 1,074,706.67-* | 7,012,473.92-* |
| Total Account 120-00-2610.0001 - Heritage LOC | | | | | | 5,544,877.18-* | 11,142,961.69* | 12,610,558.43-* | 7,012,473.92-* |
| Total Company 120 - Pinnacle Grading | | | | | | 267,137.36-* | 18,721,886.15* | 25,809,271.94-* | 7,354,523.15-* |
| 125 Pinnacle Equipment Rental (1-01-2007 - 12-31-2007) | | | | | | | | | |
| 125-00-1300.0001 | | | | | Sagebrush | | | | |
| 1-31-2007 | | | | 276 | Cat 2 Payment - Sagebrush | | 172,117.00 | | |
| | | | | | Total 1-31-07 | .00* | 172,117.00* | .00* | 172,117.00* |
| 2-06-2007 | | | | 275 | Empire VIP Refund Cat #3 | | 8,838.99 | | |
| 2-28-2007 | | | | 326 | Cat 2&3 Interco Inc-Exp | | 194,817.00 | | |
| | | | | | Total 2-28-07 | 172,117.00* | 203,655.99* | .00* | 375,772.99* |
| 3-31-2007 | | | | 368 | JE1-Cat #2&3 Interco Inc/Exp | | 194,817.00 | | |
| 3-31-2007 | | | | 419 | MJE18-Correction #2 | | | 172,117.00- | |
| 3-31-2007 | | | | 419 | MJE18-Correction #3 | | | 8,838.99- | |
| 3-31-2007 | | | | 419 | MJE18-Correction #4 | | | 194,817.00- | |
| 3-31-2007 | | | | 419 | MJE18-Correction #5 | | | 194,817.00- | |
| | | | | | Total 3-31-07 | 375,772.99* | 194,817.00* | 570,589.99-* | .00* |
| Total Account 125-00-1300.0001 - Sagebrush | | | | | | .00* | 570,589.99* | 570,589.99-* | .00* |
| 125-00-1300.0043 | | | | | Due From Pinnacle Grading | | | | |
| 1-01-2007 | | | | 274 | Reverse Dec Entry | | | 172,117.00- | |
| 1-31-2007 | | | | 266 | InterCo Lease Income & Expense | | 172,117.00 | | |
| 1-31-2007 | | | | 276 | Cat 2 Payment - Sagebrush | | | 172,117.00- | |
| 1-31-2007 | R-4 | | | 291 | Accrue Cat 2 Lease payment | | 172,117.00 | | |
| 1-31-2007 | R-4 | | | 291 | Accrue Cat 3 Lease payment | | 22,700.00 | | |

Pinnacle Grading LLC

Year-to-date Ledger - Accrual

2-25-2009 Page 4
System Date: 2-25-2009
System Time: 12:59 pm

| Date | Jrn | Ref | Ref | Batch | Transaction Des | Beginning Balance | Debit | Credit | Ending Balance |
|------------------|------|------|------|-------|--|-------------------|---------------|----------------|----------------|
| 125-00-1300.0043 | | | | | Due From Pinnacle Grading - Continued | | | | |
| | | | | | Total 1-31-07 | 172,117.00* | 366,934.00* | 344,234.00-* | 194,817.00* |
| 2-01-2007 | R-4 | | | 292 | Accrue Cat 2 Lease payment | | 172,117.00- | | |
| 2-01-2007 | R-4 | | | 292 | Accrue Cat 3 Lease payment | | 22,700.00- | | |
| 2-28-2007 | | | | 326 | Cat 2&3 Interco Inc-Exp | | 194,817.00 | | |
| 2-28-2007 | | | | 326 | Cat 2&3 Interco Inc-Exp | | | 194,817.00- | |
| 2-28-2007 | RJE2 | | | 336 | Cat 2 & 3 Payment PG to PER | | 172,117.00 | | |
| 2-28-2007 | RJE2 | | | 336 | Cat 2 & 3 Payment PG to PER | | 22,700.00 | | |
| | | | | | Total 2-28-07 | 194,817.00* | 194,817.00* | 194,817.00-* | 194,817.00* |
| 3-01-2007 | RJE2 | | | 337 | Cat 2 & 3 Payment PG to PER | | | 172,117.00- | |
| 3-01-2007 | RJE2 | | | 337 | Cat 2 & 3 Payment PG to PER | | | 22,700.00- | |
| 3-31-2007 | | | | 368 | JE1-Cat #2&3 Interco Inc/Exp | | 194,817.00 | | |
| 3-31-2007 | | | | 368 | JE1-Cat #2&3 Interco Inc/Exp | | | 194,817.00- | |
| 3-31-2007 | | | | 419 | MJE18-Correction #1 | | 22,700.00 | | |
| 3-31-2007 | | | | 419 | MJE18-Correction #2 | | 172,117.00 | | |
| 3-31-2007 | | | | 419 | MJE18-Correction #4 | | 194,817.00 | | |
| 3-31-2007 | | | | 419 | MJE18-Correction #4.5 | | | 194,817.00- | |
| 3-31-2007 | | | | 419 | MJE18-Correction #5 | | 194,817.00 | | |
| | | | | | Total 3-31-07 | 194,817.00* | 779,268.00* | 584,451.00-* | 389,634.00* |
| 4-01-2007 | | | | 423 | JE1 Cat 2 & 3 InterCo Inc/Exp | | 194,817.00 | | |
| 4-12-2007 | | | | 422 | JE-1A Payment on Interco Lease | | | 389,634.00- | |
| | | | | | Total 4-30-07 | 389,634.00* | 194,817.00* | 389,634.00-* | 194,817.00* |
| 5-31-2007 | | | | 456 | JE1-Cat 2&3 Interco Inc/Exp | | 194,817.00 | | |
| | | | | | Total 5-31-07 | 194,817.00* | 194,817.00* | .00* | 389,634.00* |
| 6-30-2007 | | | | 496 | JE1-Cat 2&3 InterCo Inc/Exp | | 194,817.00 | | |
| | | | | | Total 6-30-07 | 389,634.00* | 194,817.00* | .00* | 584,451.00* |
| 7-31-2007 | | | | 529 | JE1-Cat 2&3 Inter Co Inc.-Exp. | | 194,817.00 | | |
| | | | | | Total 7-31-07 | 584,451.00* | 194,817.00* | .00* | 779,268.00* |
| 8-31-2007 | | | | 557 | JE1-Cat 2&3 InterCo Inc.-Exp. | | 194,817.00 | | |
| | | | | | Total 8-31-07 | 779,268.00* | 194,817.00* | .00* | 974,085.00* |
| 9-30-2007 | | | | 592 | JE1-Cat 2-3 InterCo Lease/Exp | | 194,817.00 | | |
| | | | | | Total 9-30-07 | 974,085.00* | 194,817.00* | .00* | 1,168,902.00* |
| 10-31-2007 | | | | 623 | JE1-Cat 2&3 InterCo Lease/Exp | | 194,817.00 | | |
| | | | | | Total 10-31-07 | 1,168,902.00* | 194,817.00* | .00* | 1,363,719.00* |
| 11-30-2007 | | | | 678 | JE1-Cat 2-3 InterCo Lease Inc | | 194,817.00 | | |
| | | | | | Total 11-30-07 | 1,363,719.00* | 194,817.00* | .00* | 1,558,536.00* |
| 12-31-2007 | | | | 721 | JE1 Cat Interco Lease Expense | | 194,817.00 | | |
| 12-31-2007 | | | | 742 | Adjust pin-dci-hlc | | | 960,312.91- | |
| | | | | | Total 12-31-07 | 1,558,536.00* | 194,817.00* | 960,312.91-* | 793,040.09* |
| | | | | | Total Account 125-00-1300.0043 - Due From Pinnacle G | 172,117.00* | 3,094,372.00* | 2,473,448.91-* | 793,040.09* |
| 125-00-2600.0000 | | | | | Due to Affiliated Parties | | | | |
| 1-17-2007 | APC | | | 541 | Summary Entry | | | 940.63- | |
| 1-31-2007 | | | | 323 | Reclass Dec Entry in Error | | 940.63 | | |
| | | | | | Total 1-31-07 | .00* | 940.63* | 940.63-* | .00* |
| 2-09-2007 | APC | | | 579 | Summary Entry | | | 12.00- | |
| 2-09-2007 | APC | ARI1 | TPT | 580 | (Rev)Pinnacle Equip. rental | | | 12.00 | |
| 2-09-2007 | APC | | | 581 | Summary Entry | | | 12.00- | |
| | | | | | Total 2-28-07 | .00* | .00* | 12.00-* | 12.00-* |
| 4-30-2007 | | | | 443 | JE-22 TPT Tax Exp Paid by PG | | | 11,287.69- | |
| | | | | | Total 4-30-07 | 12.00-* | .00* | 11,287.69-* | 11,299.69-* |
| 5-16-2007 | | | | 447 | JE22- PER TPT Paid by PG | | | 11,287.69- | |
| 5-20-2007 | | | | 458 | MJE2-Late Fee for PER TPT | | | 697.89- | |
| | | | | | Total 5-31-07 | 11,299.69-* | .00* | 11,985.58-* | 23,285.27-* |
| 6-20-2007 | | | | 501 | JE22 PER TPT PD by PG | | | 11,287.69- | |
| | | | | | Total 6-30-07 | 23,285.27-* | .00* | 11,287.69-* | 34,572.96-* |
| 7-18-2007 | | | | 538 | JE22-PER TPT Pd by PG | | | 11,287.69- | |
| | | | | | Total 7-31-07 | 34,572.96-* | .00* | 11,287.69-* | 45,860.65-* |
| 8-31-2007 | | | | 565 | JE22-PER TPT Pd by PG | | | 11,287.69- | |
| | | | | | Total 8-31-07 | 45,860.65-* | .00* | 11,287.69-* | 57,148.34-* |
| 9-18-2007 | APC | ARI1 | TPT | 1146 | (Rev)Pinnacle Equip. rental | | | 12.00 | |
| 9-30-2007 | | | | 614 | JE22-PER TPT Exp Pd. by PG | | | 11,287.69- | |
| | | | | | Total 9-30-07 | 57,148.34-* | .00* | 11,275.69-* | 68,424.03-* |
| 10-15-2007 | | | | 628 | JE22-PER TPT Exp Pd by PG | | | 11,287.69- | |
| 10-18-2007 | | | | 636 | MJE4-AR & AP for Pers Prop Tax | | | 49,751.08- | |
| 10-18-2007 | APC | | | 1208 | Summary Entry | | | 49,751.08- | |
| 10-22-2007 | | | | 629 | JE8-Cat 2&3 Paid by PG for PER | | | 211,762.79- | |
| 10-24-2007 | APC | | | 1223 | Summary Entry | | | 211,762.79- | |
| 10-24-2007 | APC | CAT1 | 1080 | 1227 | (Rev)Equip. Loan | | | 182,915.62 | |
| 10-24-2007 | APC | CAT1 | 1080 | 1227 | (Rev)Equip. Loan | | | 28,847.17 | |
| 10-31-2007 | | | | 643 | JE8-Cat 2-3 Pd by PG for PER | | | 211,762.79- | |
| 10-31-2007 | | | | 644 | MJE7-Rev MJE4 | | 49,751.08 | | |
| 10-31-2007 | | | | 644 | MJE7-Rev JE8 | | 211,762.79 | | |
| | | | | | Total 10-31-07 | 68,424.03-* | 261,513.87* | 534,315.43-* | 341,225.59-* |
| 11-13-2007 | | | | 666 | JE22-PER TPT paid by PG | | | 10,663.86- | |
| 11-13-2007 | | | | 671 | MJE1-Sales Tax Refund by Cat | | 30,729.84 | | |
| | | | | | Total 11-30-07 | 341,225.59-* | 30,729.84* | 10,663.86-* | 321,159.61-* |

Pinnacle Grading LLC

Year-to-date Ledger - Accrual

2-25-2009 Page 5
System Date: 2-25-2009
System Time: 12:59 pm

| Date | Jrn | Ref | Ref | Batch | Transaction Des | Beginning Balance | Debit | Credit | Ending Balance |
|--|-----|-----|-----|-------|---------------------------------------|----------------------|----------------|-----------------|-------------------|
| 125-00-2600.0000 | | | | | Due to Affiliated Parties - Continued | | | | |
| 12-31-2007 | | | 726 | | TPT tax expense pd by PG | | | 10,663.86- | |
| 12-31-2007 | | | 731 | | correct acct for pmt to Cat | | | 119,167.39- | |
| | | | | | Total 12-31-07 | 321,159.61-* | .00* | 129,831.25-* | 450,990.86-* |
| Total Account 125-00-2600.0000 - Due to Affiliated P | | | | | | .00* | 293,184.34* | 744,175.20-* | 450,990.86-* |
| Total Company 125 - Pinnacle Equipment Rental | | | | | | 172,117.00* | 3,958,146.33* | 3,788,214.10-* | 342,049.23* |
| GRAND TOTALS | | | | | | 95,020.36-* | 22,680,032.48* | 29,597,486.04-* | 7,012,473.92-* |

Pinnacle Equipment Rental (PER) purchased grading equipment and leased that equipment to Pinnacle Grading for its operations. The lease needed to be considered operating for the company to say in compliance with the cap on PMSI. Issues: Paperwork on lease rate is suspect or non existent and end of the lease period is in question.

| | Transaction | Date | Pinnacle Grading (PG) Interco Balance | | Pinnacle Equipment Rental (PER) Interco Balance | |
|-----|---|--------|--|--------------------------------|--|------------------------|
| | | | DR | CR | DR | CR |
| | Nov '06 Lease Exp | Nov-06 | | \$ 172,117.00 | \$ 172,117.00 | |
| | Nov '06 Payment | Nov-06 | \$ 172,117.00 | | | \$ 172,117.00 |
| | Dec '06 Lease Exp | Dec-06 | | \$ 172,117.00 | \$ 172,117.00 | |
| | Dec '06 Payment | Dec-06 | \$ 172,117.00 | | | \$ 172,117.00 |
| | Jan '07 Lease Exp | Jan-07 | | \$ 172,117.00 | \$ 172,117.00 | |
| | Jan '07 Payment | Jan-07 | \$ 172,117.00 | | | \$ 172,117.00 |
| | Feb '07 Lease Exp | Feb-07 | | \$ 194,817.00 | \$ 194,817.00 | |
| | Feb '07 Payment | Feb-07 | \$ 194,817.00 | | | \$ 194,817.00 |
| | March '07 Lease Exp | Mar-07 | | \$ 194,817.00 | \$ 194,817.00 | |
| | March '07 Payment | Mar-07 | \$ 194,817.00 | | | \$ 194,817.00 |
| | April '07 Lease Exp | Apr-07 | | \$ 194,817.00 | \$ 194,817.00 | |
| | May '07 Lease Exp | May-07 | | \$ 194,817.00 | \$ 194,817.00 | |
| | June '07 Lease Exp | Jun-07 | | \$ 194,817.00 | \$ 194,817.00 | |
| | July '07 Lease Exp | Jul-07 | | \$ 194,817.00 | \$ 194,817.00 | |
| | Aug '07 Lease Exp | Aug-07 | | \$ 194,817.00 | \$ 194,817.00 | |
| | Sept '07 Lease Exp | Sep-07 | | \$ 194,817.00 | \$ 194,817.00 | |
| | Oct '07 Lease Exp | Oct-07 | | \$ 194,817.00 | \$ 194,817.00 | |
| | Nov '07 Lease Exp | Nov-07 | | \$ 118,892.39 | \$ 118,892.39 | |
| (1) | Refund | Nov-07 | | \$ 30,729.84 | \$ 30,729.84 | |
| | Dec '07 Lease Exp | Dec-07 | \$ 118,892.39 | \$ 118,892.39 | | |
| (2) | True Up | Dec-07 | \$ 960,312.91 | | | \$ 960,312.91 |
| | Jan '08 Lease Exp | Jan-08 | \$ 118,892.39 | \$ 118,892.39 | | |
| | Feb '08 Lease Exp | Feb-08 | \$ 118,892.39 | \$ 118,892.39 | | |
| | March '08 Lease Exp | Mar-08 | | \$ 118,892.39 | \$ 118,892.39 | |
| | April '08 Lease Exp | Apr-08 | \$ 118,892.39 | \$ 118,892.39 | | |
| | May '08 Lease Exp | May-08 | \$ 118,892.39 | \$ 118,892.39 | | |
| | June '08 Lease Exp | Jun-08 | | \$ 118,892.39 | \$ 118,892.39 | |
| | July '08 Lease Exp | Jul-08 | \$ 11,416.42 | \$ 11,416.42 | | |
| (3) | Sales Proceed | Jul-08 | | \$ 70,000.00 | \$ 70,000.00 | |
| | Aug '08 Lease Exp | Aug-08 | \$ 11,416.42 | \$ 11,416.42 | | |
| | Sept '08 Lease Exp | Sep-08 | \$ 11,416.42 | \$ 11,416.42 | | |
| | Oct '08 Lease Exp | Oct-08 | \$ 11,416.42 | \$ 11,416.42 | | |
| | Nov '08 Lease Exp | Nov-08 | \$ 11,416.42 | \$ 11,416.42 | | |
| | Dec '08 Lease Exp | Dec-08 | \$ 11,416.42 | \$ 11,416.42 | | |
| | Jan '09 Lease Exp | Jan-09 | \$ 11,416.42 | \$ 11,416.42 | | |
| | Net Total | | \$ 2,540,674.80 | \$ 3,401,487.90 | \$ 2,727,111.01 | \$ 1,866,297.91 |
| | Net Payable if Operating Lease Continued until Equipment was disposed of by PER | | | \$ (860,813.10) | | \$ 860,813.10 |
| | Lease Expense after 4/1/07 | | | \$ 2,394,773.06 | | \$ (2,394,773.06) |
| | Net Due to Pinnacle Grading if equipment was returned when unused. | | | \$ 1,533,959.96 ^(A) | | \$ (1,533,959.96) |

Per Scott Scarborough, GM Pinnacle Grading, the Pinnacle Equipment Rental Equipment was not needed after Pravada shut down in April 2007.

- (1) Refund Received by from CAT for refinance of PER equipment deposited by PG
(2) Part of 2007 OH true up between inside and outside CS Credit Facility
(3) Empire Cat deducted \$70K from proceeds from PER's net proceeds for lease payments owed to Empire from PG

^(A) This amount was grossed up on the former CFO's schedule to \$1,551,099.66 so when netted with the (621,139.70) already booked the net effect would be the \$1,533,959.96 calculated above.

Payments Made by SEI to CAT

| Bank_Account | Batch | Chck | Amount | Name | Vendor | Chck_Date |
|--------------|-------|------|---------------|----------------------------|--------|------------|
| SEIFNGEN | 19868 | 417 | \$ 193,158.90 | Caterpillar Financial Serv | 03272 | 11/1/2006 |
| SEIFNGEN | 20399 | 511 | \$ 193,158.90 | Caterpillar Financial Serv | 03272 | 12/1/2006 |
| SEIFNGEN | 20722 | 548 | \$ 193,158.90 | Caterpillar Financial Serv | 03272 | 12/18/2006 |
| SEIFNGEN | 21347 | 625 | \$ 222,006.07 | Caterpillar Financial Serv | 03272 | 1/24/2007 |
| SEIFNGEN | 21801 | 677 | \$ 222,006.07 | Caterpillar Financial Serv | 03272 | 2/22/2007 |
| SEIFNGEN | 22163 | 731 | \$ 222,006.07 | Caterpillar Financial Serv | 03272 | 3/19/2007 |
| SEIFNGEN | 22470 | 790 | \$ 222,006.07 | Caterpillar Financial Serv | 03272 | 4/16/2007 |
| SEIFNGEN | 22876 | 862 | \$ 222,006.07 | Caterpillar Financial Serv | 03272 | 5/23/2007 |
| SEIFNGEN | 23212 | 940 | \$ 222,006.07 | Caterpillar Financial Serv | 03272 | 6/21/2007 |
| SEIFNGEN | 23675 | 1000 | \$ 211,762.79 | Caterpillar Financial Serv | 03272 | 7/23/2007 |
| SEIFNGEN | 24264 | 1082 | \$ 211,762.79 | Caterpillar Financial Serv | 03272 | 8/28/2007 |
| SEIFNGEN | 24605 | 1134 | \$ 211,762.79 | Caterpillar Financial Serv | 03272 | 9/20/2007 |

All payments made by Sagebrush on the behalf of Pinnacle Equipment Rental

Note: There were no direct payments to AZDOR, instead it was included in payment to CAT through the 6/21/07 payment

| Bank_Account | Batch | Chck | Chck_Date | Vendor | Name | Amount |
|--------------|-------|------|------------|---------|-------------------|-----------|
| PNWFGEN | 75 | 71 | 8/2/2006 | CAT1000 | Caterpillar Finai | 159706.46 |
| PNWFGEN | 225 | 228 | 9/15/2006 | CAT1000 | Caterpillar Finai | 303985.57 |
| PNFNGEN | 347 | 1058 | 10/27/2006 | CAT1000 | Caterpillar Finai | 159706.46 |
| PNFNGEN | 439 | 1140 | 11/20/2006 | CAT1000 | Caterpillar Finai | 159706.46 |
| PNFNGEN | 510 | 1274 | 12/20/2006 | CAT1000 | Caterpillar Finai | 159706.46 |
| PNFNGEN | 548 | 1406 | 1/24/2007 | CAT1000 | Caterpillar Finai | 159706.46 |
| PNFNGEN | 594 | 1537 | 2/21/2007 | CAT1000 | Caterpillar Finai | 159706.46 |
| PNFNGEN | 641 | 1670 | 3/21/2007 | CAT1000 | Caterpillar Finai | 159706.46 |
| PNFNGEN | 733 | 1861 | 4/17/2007 | CAT1000 | Caterpillar Finai | 163054 |
| PNFNGEN | 842 | 2017 | 5/22/2007 | CAT1000 | Caterpillar Finai | 156519.77 |
| PNFNGEN | 939 | 2112 | 6/19/2007 | CAT1000 | Caterpillar Finai | 156519.77 |
| PNFNGEN | 1015 | 2209 | 7/17/2007 | CAT1000 | Caterpillar Finai | 156519.77 |
| PNFNGEN | 1102 | 2420 | 8/22/2007 | CAT1000 | Caterpillar Finai | 156519.77 |
| PNFNGEN | 1151 | 2578 | 9/20/2007 | CAT1000 | Caterpillar Finai | 156519.77 |
| PNFNGEN | 1223 | 2794 | 10/24/2007 | CAT1000 | Caterpillar Finai | 156519.77 |
| PNFNGEN | 1327 | 3147 | 12/20/2007 | CAT1000 | Caterpillar Finai | 65327.87 |
| PNFNGEN | 1327 | 3148 | 12/20/2007 | CAT1000 | Caterpillar Finai | 119167.39 |
| PNFNGEN | 1355 | 3274 | 1/10/2008 | CAT1000 | Caterpillar Finai | 65327.87 |
| PNFNGEN | 1355 | 3275 | 1/10/2008 | CAT1000 | Caterpillar Finai | 119167.39 |
| PNFNGEN | 1375 | 3431 | 1/25/2008 | CAT1000 | Caterpillar Finai | 65052.87 |
| PNFNGEN | 1375 | 3432 | 1/25/2008 | CAT1000 | Caterpillar Finai | 118892.39 |
| PNFNGEN | 1549 | 3765 | 4/18/2008 | CAT1000 | Caterpillar Finai | 118892.39 |
| PNFNGEN | 1549 | 3766 | 4/18/2008 | CAT1000 | Caterpillar Finai | 65052.87 |
| PNFNGEN | 1557 | 3805 | 4/25/2008 | CAT1000 | Caterpillar Finai | 65052.87 |
| PNFNGEN | 1584 | 3875 | 5/15/2008 | CAT1000 | Caterpillar Finai | 118892.39 |
| PNFNGEN | 1700 | 4162 | 7/22/2008 | CAT1000 | Caterpillar Finai | 7906.94 |
| PNFNGEN | 1700 | 4163 | 7/22/2008 | CAT1000 | Caterpillar Finai | 11416.42 |
| PNFNGEN | 1746 | 4368 | 8/15/2008 | CAT1000 | Caterpillar Finai | 11416.42 |
| PNFNGEN | 1746 | 4369 | 8/15/2008 | CAT1000 | Caterpillar Finai | 7906.94 |
| PNFNGEN | 1813 | 4521 | 9/17/2008 | CAT1000 | Caterpillar Finai | 11416.42 |
| PNFNGEN | 1813 | 4522 | 9/17/2008 | CAT1000 | Caterpillar Finai | 7906.94 |
| PNFNGEN | 1825 | 4549 | 9/25/2008 | CAT1000 | Caterpillar Finai | 7906.94 |
| PNFNGEN | 1825 | 4550 | 9/25/2008 | CAT1000 | Caterpillar Finai | 11416.42 |
| PNFNGEN | 1884 | 4598 | 10/16/2008 | CAT1000 | Caterpillar Finai | 11416.42 |
| PNFNGEN | 1884 | 4599 | 10/16/2008 | CAT1000 | Caterpillar Finai | 7906.94 |
| PNFNGEN | 1997 | 4795 | 11/25/2008 | CAT1000 | Caterpillar Finai | 11416.42 |
| PNFNGEN | 1997 | 4796 | 11/25/2008 | CAT1000 | Caterpillar Finai | 7906.94 |
| PNFNGEN | 2058 | 4892 | 12/23/2008 | CAT1000 | Caterpillar Finai | 8302.29 |
| PNFNGEN | 2058 | 4893 | 12/23/2008 | CAT1000 | Caterpillar Finai | 11987.24 |
| PNFNGEN | 2115 | 4994 | 1/23/2009 | CAT1000 | Caterpillar Finai | 11416.42 |
| PNFNGEN | 2115 | 4995 | 1/23/2009 | CAT1000 | Caterpillar Finai | 7906.94 |

Schedule Prepared by Former CFO

| Accounting_Date | Bank_Account | Batch | Type | Description | Subtraction | Addition | Reconciliation_Status |
|-----------------|--------------|-------|------|----------------------|---------------|----------|-----------------------|
| 11/9/2006 | PNFNGEN | 174 | Adj | Cat Lease #2 payment | \$ 172,117.00 | | 0 R |
| 12/6/2006 | PNFNGEN | 227 | Wdl | Cat Lease 2 Pmt | \$ 172,117.00 | | 0 R |
| 1/8/2007 | PNFNGEN | 262 | Wdl | Sagebrush pmt | \$ 172,117.00 | | 0 R |
| 2/28/2007 | PNFNGEN | 286 | Wdl | Due to PER | \$ 194,817.00 | | 0 R |
| 3/31/2007 | PNFNGEN | 316 | Wdl | Cat 2&3 Lease | \$ 194,817.00 | | 0 R |

Pinnacle Equipment Rental, LLC
 Profit and Loss Recap
 2006 through 2009

| <u>Year</u> | <u>Operating Profit (Loss)</u> | <u>Extraordinary Profit</u> | <u>Annual Profit (Loss)</u> | |
|-------------|--------------------------------|-----------------------------|-----------------------------|---|
| 2006 | 109,134 | | 109,134 | Have Trial Balance |
| 2007 | 248,487 | | 248,487 | Have Trial Balance |
| 2008 | (227,227) | 533,835 | 306,608 | Have Financial Statement - Includes "Gain on Disposal of Asset" for \$533,835 |
| 2009 | <u>(145,739)</u> | <u>-</u> | <u>(145,739)</u> | Have Financial Statement |
| Totals | <u>\$ (15,345)</u> | | | |